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December 2, 2010

Via Hand-Delivery

Chairman Mary W. Freeman
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

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. 10-00189

Dear Chairman Freeman:

Enclosed please find the original and five (5) copies of Tennessee American Water Company's First Supplemental Responses to the City of Chattanooga's First Discovery Requests to Petitioner Tennessee American Water Company, Questions 32 through 86. In addition, these responses are being filed today by way of email to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon.

Please file the original and four copies of this material and stamp the additional copy as "filed". Then please return the stamped copies to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

With kindest regards, I remain

Very truly yours,

R. Dale Grimes

RDG:smb
Enclosures

cc: Hon. Sara Kyle (*w/o enclosure*)
Hon. Eddie Roberson (*w/o enclosure*)
Mr. David Foster, 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*)
Ryan McGehee, Esq. (*w/enclosure*)
Mary L. White, Esq. (*w/enclosure*)
David C. Higney, Esq. (*w/enclosure*)
Henry M. Walker, Esq. (*w/enclosure*)
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Mark Brooks, Esq. (*w/enclosure*)
Scott H. Strauss, Esq. (*w/enclosure*)
Katharine M. Mapes, Esq. (*w/enclosure*)
Donald L. Scholes, Esq. (*w/enclosure*)

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN 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. 10-00189**

TENNESSEE AMERICAN WATER COMPANY'S FIRST SUPPLEMENTAL RESPONSES TO THE CITY OF CHATTANOOGA'S FIRST DISCOVERY REQUESTS TO PETITIONER TENNESSEE AMERICAN WATER COMPANY

The Tennessee American Water Company ("TAWC") hereby responds as follows to the remaining requests contained in the City of Chattanooga's ("COC") First Discovery Requests to Petitioner TAWC:

GENERAL OBJECTIONS

(1) TAWC objects to all requests that seek information protected by the attorney-client privilege, the work product doctrine and/or any other applicable privilege or restriction on disclosure.

(2) TAWC objects to the definitions and instructions accompanying the requests to the extent the definitions and instructions contradict, are inconsistent with, or impose any obligations beyond those required by applicable provisions of the Tennessee Rules of Civil Procedure or the rules, regulations or orders of the Tennessee Regulatory Authority.

(3) TAWC objects to the definitions of the words "document," "communication," "explain," "identify," "non-regulated company," "non-regulated service," "Schumaker &

Company," and "Baryenbruch," that accompany the data requests because such definitions are overbroad and unduly burdensome.

(4) The specific responses set forth below are based upon information now available to TAWC, and TAWC reserves the right at any time to revise, correct, add to or clarify the objections or responses and supplement the information and/or documents produced.

(5) TAWC is providing its responses herein without wavier of, or prejudice to, its right at any later time to raise objections to: (a) the competence, relevance, materiality, privilege, or admissibility of the response, or the subject matter thereof; and (b) the use of any response, or subject matter thereof, in any subsequent proceedings.

(6) TAWC objects to each request to the extent that it is unreasonably cumulative or duplicative, or seeks information obtainable from some other source that is more convenient, less burdensome or less expensive.

(7) TAWC objects to each request to the extent it seeks information outside TAWC's custody or control.

(8) TAWC objects to requests that call upon TAWC to create, categorize, manipulate, customize or otherwise organize data regarding time periods outside of TAWC's historical test year. TAWC objects to all such requests because they are unduly burdensome, seek to have TAWC create work product and seek information that is not relevant to this rate case.

(9) TAWC's specific objections to each request are in addition to the General Objections set forth in this section. These General Objections form a part of each discovery response, and they are set forth here to avoid the duplication and repetition of restating them for each discovery response. The absence of a reference to a General Objection in response to a particular request does not constitute a waiver of any General Objection with respect to that

discovery request. All responses are made subject to and without waiver of TAWC's general and specific objections.

Respectfully submitted,

R. Dale Grimes (#006332)
E. Steele Clayton (#017298)
C. David Killion (#026412)
BASS, BERRY & SIMS PLC
150 Third Ave. South, Suite 2800
Nashville, TN 37201
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Counsel for Petitioner
Tennessee American Water Company

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch/Michael A. Miller

Other Participating Employees: None

Question:

32. Please provide all ***Documents*** constituting, containing, referring to, or relating to recommendations contained in the ***Baryenbruch Report.***

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome. The Company further objects to this request to the extent it seeks privileged communications or work product. Without waiving these objections, at the Monday November 22, 2010 status conference the intervenors, TRA and the Company agreed that communications with expert witnesses would not be produced. The Company has produced Mr. Baryenbruch's testimony and the work papers that support his testimony. See the Company's response TN-TRA-01-Q13, subfolder Patrick Baryenbruch. In addition, see the Company's response to TN-COC-01-29.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch/Michael A. Miller

Other Participating Employees: None

Question:

33. Please ***Identify*** all persons, including, without limitation, all employees, contractors, agents, and officers of ***TAWC, AWWC, AWWSC,*** or any subsidiary or affiliate of any of them, who had any written or verbal ***Communication*** with ***Baryenbruch*** since January 1, 2008.

Response:

The Company objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Company further objects to this request to the extent it seeks privileged communications or work product. Without waiving these objections, at the Monday November 22, 2010 status conference the intervenors, TRA and the Company agreed that communications with expert witnesses would not be produced. The Company has produced Mr. Baryenbruch's testimony and the work papers that support his testimony. See the Company's response TN-TRA-01-Q13, subfolder Patrick Baryenbruch. In addition, see the Company's response to TN-COC-01-29.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch/Michael A. Miller/John Watson

Other Participating Employees: None

Question:

34. Please provide all ***Documents*** constituting, containing, referring to, or relating to written or verbal ***Communications*** by persons identified in response to the previous Request.

Response:

The Company objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Company further objects to this request to the extent it seeks privileged communications or work product. Without waiving these objections, at the Monday November 22, 2010 status conference the intervenors, TRA and the Company agreed that communications with expert witnesses would not be produced. The Company has produced Mr. Baryenbruch's testimony and the work papers that support his testimony. See the Company's response TN-TRA-01-Q13, subfolder Patrick Baryenbruch. In addition, see the Company's response to TN-COC-01-29.

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TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees:

Question:

35. Please provide the request for proposal, the proposal, any and all ***Workpapers,*** interview notes, data requests, data submissions, budget vs. actual and variance reports, FERC Form 60 Reports, and all other ***Documents*** reviewed in connection with the preparation (whether used or not) of the ***Baryenbruch Report.*** Please provide all ***Workpapers*** and supporting ***Documents*** used to develop this study.

Response:

The Company objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Company further objects to this request to the extent it seeks privileged communications or work product. Without waiving these objections, at the Monday November 22, 2010 status conference the intervenors, TRA and the Company agreed that communications with expert witnesses would not be produced. The Company has produced Mr. Baryenbruch's testimony and the work papers that support his testimony. See the Company's response TN-TRA-01-Q13, subfolder Patrick Baryenbruch. In addition, see the Company's response to TN-COC-01-29.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller/Patrick Baryenbruch

Other Participating Employees: None

Question:

36. Please provide all reports or studies similar to the ***Baryenbruch Report*** concerning, referring to, or relating to any other subsidiary or affiliate of ***AWWC*** or any other regulated utility. Provide the associated direct and all rebuttal testimony concerning, referring to, or relating to these reports or studies.

Response:

The Company objects to this question on the grounds that is it vague about timeframe and content, and unduly burdensome and overly broad. The question does not identify any particular report or any reference to any of the several areas covered by Mr. Baryenbruch's Report. Notwithstanding the objection, attached to this response are the Baryenbruch Reports and testimony in a number of regulatory proceedings from 2006-2010. Due to the paper volume, please refer to the enclosed CD and document labeled as TN-COC-01-Q36-ATTACHMENT 1. The "Service Company Cost Study" prepared for Illinois American and associated testimony is also being provided with this response and located on the enclosed CD. Please refer to the document labeled as TN-COC-01-Q36-ATTACHMENT 2.

Market Cost Comparison of Service Company Charges to Illinois American Water Company

12 Months Ending June 30, 2007

Illinois American Water Company
Market Cost Comparison of Service Company Charges
12 Months Ending June 30, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Illinois American Water Company (IAWC):

1. Was IAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ending June 30, 2007?

2. Was the 12 months ending June 30, 2007 cost of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services IAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- IAWC was charged the lower of cost or market for managerial and professional services during the 12 months ending June 30, 2007.

- On average, the hourly rates for outside service providers are **51% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by IAWC without careful supervision on the part of IAWC. If these services were contracted entirely to outside providers, IAWC would have to add at least one position to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12 months ending June 30, 2007, IAWC and its ratepayers would have incurred an **additional $7.8 million** in expenses. This amount includes the higher cost of outside providers and the cost of two additional IAWC positions needed to direct and oversee the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to IAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $7.8 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $376,000 in additional charges from outside providers.

- It would be difficult for IAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from IAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is within the range of the comparison group of neighboring electric utilities**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of IAWC. During the 12 months ending June 30, 2007, the customer accounts cost for IAWC customers was $32.18 compared to the 2006 average of $27.65 for neighboring electric utilities. The highest comparison group per customer cost was $43.63 and the lowest $12.99.

IAWC's comparative position is completely acceptable for two reasons. First, every appropriate cost element has been included in the calculation of IAWC's customer account services cost pool. Second, some of the comparison group electric utilities may follow accounting policies that cause their cost pools to be higher or lower than that of IAWC. Even though electric utilities follow the FERC's Uniform System of Accounts, there is still some discretion as to how transactions are recorded. For instance, one utility may record the IT support costs for their customer information system to FERC account 903 Customer Records and Collections Expenses while another utility records that type of expense to different FERC account. This probably accounts for some of the wide range in per customer costs among the electric utilities.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if IAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to IAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Works Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in the second quarter of 2001 and a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of IAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks

- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of the Central Region's professional labor is assigned to IAWC during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Central Region's accumulated professional and support labor is charged to IAWC during the month, then 20% of that month's overhead expenses will be assigned to IAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to IAWC, then 2% of that office's office expenses would be assigned to IAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ending June 30, 2007, the Service Company billed IAWC $21.5 million in management fees (O&M) and $2.6 million in capital and other charges. For purposes of this market cost study, certain items were subtracted from the Service Company's total charges to IAWC, as shown in the table below. The first item was the non-recurring accounting reclassification of pension expenses from management fees to pension expense. Other non-recurring expenses (Sarbanes Oxley implementation, business change, Service Company building write-off) for which IAWC is not seeking recovery were also subtracted. Finally, certain charges from regional offices other than the Central Region were eliminated. After these adjustments, testable Service Company charges totaled just over $19 million.

	12 Months Ended June 30, 2007
Total Management Fees (O&M)	$ 21,500,593
JE to reclass pension expense	$ (2,101,519)
Mgmt Fee Expense per P&L	$ 19,399,074
Less: Non-Recurring Expenses	
Divestiture & SOX	$ (2,728,916)
Business Change	$ (71,099)
Write-Off of Svc Co Bldg	$ (45,289)
Net O&M Adjustments	$ (2,845,304)
Less: Non-Central Regions	$ (92,668)
Net Testable O&M	$ 16,461,102
Total Capital	$ 2,570,040
Total Other	$ 50,158
Total Testable SC Charges	**$ 19,081,299**

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.
- Water Quality Testing Services – Includes testing services performed by the Belleville Laboratory.
- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended June 30, 2007	
	Amount	Hours
Management and Professional Services	$ 14,702,513	153,312
Customer Account Services	$ 4,378,786	118,362
Total Service Company Charges	$ 19,081,299	271,674

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to IAWC

during the 12 months ending June 30, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing IAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to IAWC. A determination was then made as to whether these services would be required if IAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

Service Company hourly rates were calculated for the four outside service provider categories, based on the dollars and hours charged to IAWC during the 12 months ended June 30, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

It should be noted that by using the Service Company's hours charged IAWC during the 12 months ended June 30, 2007, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

Service Company Hourly Rates

Schedule 1 (page 10) details the assignment of 12 months ended June 30, 2007 management and professional Service Company charges by outsider provider category. Schedule 2 (page 11) shows the same assignment for Service Company management and professional hours charged to IAWC during the 12 months ended June 30, 2007.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following June 30, 2007 test period non-labor Service Company charges:

- Contract Services – 12 months ended June 30, 2007 Service Company charges to IAWC include approximately $989,000 in expenses associated with the use of outside professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended June 30, 2007 Service Company charges to IAWC are charges for outside expenses for leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 3 (page 12) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 1 and 2 and the excludable items shown in Schedule 3, the Service Company's equivalent costs per hour for the 12 months ended June 30, 2007 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 558,149	$ 4,926,856	$ 6,000,263	$ 3,217,245	$ 14,702,513
Less:					
Contract services	$ 17,421	$ 326,297	$ 590,549	$ 55,094	$ 989,361
Travel expenses	$ 3,230	$ 64,319	$ 20,769	$ 30,606	$ 118,924
Computer hardware/software	$ 15	$ 41,237	$ 148,137	$ 34,510	$ 223,898
Net Service Charges (A)	$ 537,483	$ 4,495,003	$ 5,240,808	$ 3,097,035	$ 13,370,329
Total Hours (B)	5,062	36,342	64,686	47,222	153,312
Average Hourly Rate (A / B)	**$ 106**	**$ 124**	**$ 81**	**$ 66**	

Illinois American Water Company
Analysis of 12 Months Ended June 30, 2007 Service Company Charges By Location And Function

Location	Function	12 Months Ended June 30, 2007 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 453,574	$ 453,574
Call Center	Human Resources		$ 95,648			$ 95,648
Corporate	Accounting			$ 613,000		$ 613,000
	Administration	$ 54,659	$ 512,210	$ 410,240	$ 160,484	$ 1,137,593
	Audit			$ 104,147		$ 104,147
	Communications		$ 199,692			$ 199,692
	Engineering				$ 40,518	$ 40,518
	Finance			$ 343,276		$ 343,276
	Human Resources		$ 477,718			$ 477,718
	Legal	$ 204,474				$ 204,474
	Operations		$ 308,254		$ 248,844	$ 557,098
	Rates & Revenue			$ 230,519		$ 230,519
	Risk Management		$ 139,211			$ 139,211
	Water Quality				$ 129,988	$ 129,988
Regional Offices	Accounting			$ 57,282		$ 57,282
	Administration		$ 1,614,325			$ 1,614,325
	Communications		$ 226,530			$ 226,530
	Engineering				$ 1,218,590	$ 1,218,590
	Finance			$ 617,375		$ 617,375
	Human Resources		$ 592,031			$ 592,031
	Legal	$ 299,016				$ 299,016
	Operations		$ 271,581		$ 661,113	$ 932,694
	Risk Management		$ 219,017			$ 219,017
	Water Quality				$ 304,136	$ 304,136
Information Technology	Audit			$ 45,148		$ 45,148
	Information Technology			$ 2,492,693		$ 2,492,693
Shared Services	Accounting			$ 891,512		$ 891,512
	Administration		$ 270,639			$ 270,639
	Finance			$ 108,127		$ 108,127
	Rates & Revenue			$ 86,944		$ 86,944
Total Dollars Charged		**$ 558,149**	**$ 4,926,856**	**$ 6,000,263**	**$ 3,217,245**	**$ 14,702,513**

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Illinois American Water Company
Analysis of 12 Months Ended June 30, 2007 Service Company Hours By Location And Function

Location	Function	12 Months Ended June 30, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				5,808	5,808
Call Center	Human Resources		1,054			1,054
Corporate	Accounting			7,252		7,252
	Administration		1,814			1,814
	Audit			1,363		1,363
	Communications		826			826
	Engineering				175	175
	Finance			3,249		3,249
	Human Resources		5,608			5,608
	Legal	1,241				1,241
	Operations		1,864		1,666	3,530
	Rates & Revenue			1,008		1,008
	Risk Management		1,096			1,096
	Water Quality				2,142	2,142
Regional Offices	Accounting			808		808
	Administration		5,134			5,134
	Communications		3,282			3,282
	Engineering				22,187	22,187
	Finance			8,165		8,165
	Human Resources		7,116			7,116
	Legal	3,821				3,821
	Operations		2,664		10,242	12,905
	Risk Management		4,564			4,564
	Water Quality				5,002	5,002
Information Technology	Audit			1,007		1,007
	Information Technology			20,800		20,800
Shared Services	Accounting			17,571		17,571
	Administration		1,320			1,320
	Finance			2,918		2,918
	Rates & Revenue			547		547
Total Hours Charged		**5,062**	**36,342**	**64,686**	**47,222**	**153,312**

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Illinois American Water Company
12 Months Ended June 30, 2007 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 308,295	$ 5,288	$ 4,375	$ 317,959	Certified Public Accountant
Administration	$ 51,422	$ 22,048	$ (2,093)	$ 71,376	Management Consultant
Audit	$ 4,312	$ 1,030		$ 5,342	Certified Public Accountant
Communications	$ 48,924	$ 6,095	$ 810	$ 55,828	Management Consultant
Engineering	$ 16,150	$ 13,061	$ 6,276	$ 35,486	Professional Engineer
Finance	$ 54,633	$ 5,089	$ 1,912	$ 61,634	Certified Public Accountant
Human Resources	$ 187,200	$ 8,026	$ 8,549	$ 203,774	Management Consultant
Information Technology	$ 208,669	$ 7,038	$ 141,807	$ 357,514	Certified Public Accountant
Legal	$ 17,421	$ 3,230	$ 15	$ 20,666	Attorney
Operations	$ 34,012	$ 32,951	$ 3,130	$ 70,093	Management Consultant, Professional Engineer
Rates & Revenue	$ 14,639	$ 2,324	$ 43	$ 17,006	Certified Public Accountant
Risk Management	$ 9,941	$ 8,327	$ 33,421	$ 51,689	Management Consultant
Water Quality	$ 33,744	$ 4,418	$ 25,662	$ 63,824	Professional Engineer
Total	**$ 989,361**	**$ 118,924**	**$ 223,906**	**$ 1,332,191**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 17,421	$ 3,230	$ 15	$ 20,666
Management Consultant	$ 326,297	$ 64,319	$ 41,237	$ 431,853
Certified Public Accountant	$ 590,549	$ 20,769	$ 148,137	$ 759,455
Professional Engineer	$ 55,094	$ 30,606	$ 34,510	$ 120,210
Total	**$ 989,361**	**$ 118,924**	**$ 223,898**	**$ 1,332,184**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Illinois Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Illinois attorneys. Therefore, an Illinois estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 4, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Belleville, Illinois. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to December 31, 2006—the midpoint of the 12 months ending June 30, 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2005. This 2005 average rate was escalated to December 31, 2006— the midpoint of the 12 months ending June 30, 2007.

Certified Public Accountants

The average hourly rate for Illinois certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Illinois. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to December 31, 2006—the midpoint of the 12 months ending June 30, 2007.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been utilized by IAWC during 2007. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

Illinois American Water Company
Estimated Billing Rates For Illinois Attorneys Based On Michigan Attorney Billing Rates

Billing rates as of December 31, 2006 (Note A)								Cost of	
		Number	Billing Rate Range					Living	
	Michigan	Of Mich	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit	218	$ 170	$ 275	$ 260	$ 530	$ 309	92%	$ 337
Butzel Long	Detroit	212	$ 165	$ 400	$ 220	$ 550	$ 334	92%	$ 364
Bodman LLP	Detroit	130	$ 125	$ 215	$ 210	$ 495	$ 261	92%	$ 285
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$ 165	$ 225	$ 225	$ 500	$ 279	105%	$ 266
Trott & Trott, PC	Bingham Farms	57	$ 170	$ 170	$ 235	$ 235	$ 203	136%	$ 149
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	105%	$ 284
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$ 150	$ 190	$ 200	$ 340	$ 220	120%	$ 183
Pepper Hamilton LLP	Detroit	31	$ 200	$ 315	$ 340	$ 615	$ 368	92%	$ 401
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$ 175	$ 260	$ 275	$ 400	$ 278	150%	$ 185
Strobl & Sharp, PC	Bloomfield Hills	26	$ 110	$ 210	$ 200	$ 300	$ 205	150%	$ 136
Kupelian Ormond & Magy, PC	Southfield	24	$ 165	$ 195	$ 235	$ 320	$ 229	105%	$ 218
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$ 130	$ 250	$ 275	$ 495	$ 288	150%	$ 191
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	104%	$ 255
							Overall Average at December 31, 2006		$ 250
							Average Billing Rate At December 31, 2006 - the midpoint of 12 months ended June 30, 2007		**$ 250**

Note A: Source is Michigan Lawyers Weekly, April 2007
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Belleville, Ill. A number over 100% indicates the Michigan city's cost of living is higher than Belleville. A number less than 100% indicates Belleville's cost of living is higher.

Schedule 5

Illinois American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2007 (Note B)	
CPI at December 31, 2005	196.8
CPI at December 31, 2006	201.8
Inflation/Escalation	2.5%
Estimated Average Hourly Billing Rate For Illinois CPAs At December 31, 2006	**$ 217**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

Illinois American Water Company
Estimated Billing Rates Of Illinois Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 94	$ 102	$ 110	$ 150

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 94	$ 102	$ 110	$ 150	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 28	$ 31	$ 22	$ 30	$ 111

Escalation to Test Year Mid-Point June 30, 2007 (Note B)	
CPI at December 31, 2005	196.8
CPI at December 31, 2006	201.8
Inflation/Escalation	2.5%
Estimated Average Hourly Billing Rate For Illinois CPAs At December 31, 2006	**$ 114**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

Illinois American Water Company
Billing Rates Of Illinois Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Surveyor Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$62	$99	$164	$179
Firm #2	$73	$83	$104	$135
Firm #3	$68	$63	$125	$175
Firm #4	$72	$77	$120	$157

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$69	$80	$128	$162	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$21	$28	$32	$16	**$97**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended June 30, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 106	$ 250	$ (144)
Management Consultant	$ 124	$ 212	$ (88)
Certified Public Accountant	$ 81	$ 114	$ (33)
Professional Engineer	$ 66	$ 97	$ (31)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to IAWC during the 12 months ending June 30, 2007, outside service providers would have cost $7,522,703 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 51% higher than those of the Service Company ($7,522,703 / $14,702,513).

	12 Months Ended June 30, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (144)	5,062	$ (729,957)
Management Consultant	$ (88)	36,342	$ (3,200,321)
Certified Public Accountant	$ (33)	64,686	$ (2,108,937)
Professional Engineer	$ (31)	47,222	$ (1,483,488)
Service Company Less Than Outside Providers			$ (7,522,703)

If IAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 153,312 hours of work (over 100 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing IAWC management team. Thus, it would be necessary for IAWC to add at least two positions to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, these positions would add another $304,000 per year to IAWC's personnel expenses.

Cost of Adding Administrative Positions To IAWC's Staff

	Per Position	Total
New Positions' (2) Salary	$ 100,000	$ 200,000
Benefits (at 52%)	$ 52,000	$ 104,000
Total Cost of the New Positions		$ 304,000

Thus, the total effect on the ratepayers of IAWC of contracting all services now provided by Service Company would be an increase in their costs of $7,826,703 ($7,522,703 + $304,000).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for IAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, IAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 9 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Illinois American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Illinois American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Illinois	• Central Illinois Light • Central Illinois Public Service	• Commonwealth Edison • Illinois Power
Iowa	• Interstate Power & Light	• MidAmerican Energy
Wisconsin	• Madison Gas & Electric • Northern States Power – Wis • Northwestern Wisconsin Elect • So. Beloit Light & Power	• Superior Water, Light & Pwr • Wisconsin Electric Power • Wisconsin Power & Light • Wisconsin Public Service
Missouri	• Aquila Inc. • Kansas City Power & Light	• Union Electric
Kentucky	• Duke Energy – Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
Indiana	• Duke Energy – Indiana • Indiana Michigan Power • Indiana Power & Light	• NIPSCO • So. Indiana Gas & Electric

Some neighboring electric utilities could not be included in the comparison group because they did not submit the necessary FERC Form 1 data.

Comparison Approach

The basis for this comparison is customer account services expenses per customer. IAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, IAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

IAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to IAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.28 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, IAWC's adjusted annual expense per customer is $32.18—the number that can be compared to neighboring electric utilities' expenses.

Illinois American 12 Months Ended June 30, 2007 Cost Per Customer

	Cost Component	Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 3,836,943	$ 3,657,086	$ 7,494,028	
Regional Offices		$ 541,844		$ 541,844	
Service Company	Customer payment processing			$ 454,284	
Operating Company	Postage & forms			$ 1,295,703	Note B
			Cost Pool Total	$ 9,785,858	
			Total Customers	304,072	
	12 Months Ended June 30, 2007 Cost Per Illinois American Customer			**$ 32.18**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 3,836,943
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.28	
Percent different	95%	95%
Total Adjustment B		$ 3,657,086

Note B: Estimated customer payment processing expenses

Number of customers	304,072
Number of payments/customer/year	12
Total payments processed/year	3,648,864
Bank charge per item	$ 0.1245
Total estimated annual expense	$ 454,284

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2006 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, IAWC's cost per customer is within the range of the electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to IAWC are reasonable.

Average Customer Accounts Expense Per Customer		
Wisconsin Power & Light	$	12.99
Louisville Gas & Electric	$	13.46
Interstate Power & Light	$	13.79
Superior Water, Light & Power	$	17.56
Southern Indiana Gas & Electric	$	19.48
Indianapolis Power & Light	$	20.40
Wisconsin Electric Power	$	20.53
Illinois Power	$	20.92
Northern States Power (Wisconsin)	$	23.00
Union Electric	$	23.23
Kansas City Power & Light	$	24.00
Central Illinois Public Service	$	25.84
Kentucky Utilities	$	27.14
Comparison Group Average	**$**	**27.65**
Northwestern Wisconsin Electric	$	27.87
MidAmerican Energy	$	28.71
Aquila	$	29.90
Duke Energy Indiana	$	30.16
Indiana Michigan Power	$	30.76
Illinois American Water	**$**	**32.18**
Commonwealth Edison	$	33.33
Central Illinois Light	$	34.54
Kentucky Power	$	35.75
Duke Energy Kentucky	$	39.46
Northern Indiana Public Service	$	41.08
Wisconsin Public Service	$	42.72
Madison Gas & Electric	$	43.63

Illinois American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Illinois				Iowa	
		Central Illinois Light	Central Illinois Pub Service	Comm Edison	Illinois Power	Interstate Power & Light	MidAmerica Energy
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,779,124	$ 8,326,451	$ 100,156,711	$ 10,983,933	$ 5,758,308	$ 13,972,648
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 241,537	$ 350,812	$ -	$ 645,956	$ 30,160	$ 484,674
Subtotal		$ 6,020,661	$ 8,677,263	$ 100,156,711	$ 11,629,889	$ 5,788,468	$ 14,457,322
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 911,760	$ 908,070	$ 20,194,194	$ 888,675	$ 1,314,962	$ 4,348,182
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 320,091	$ 438,848	$ 4,770,329	$ 375,412	$ 319,916	$ 1,575,023
Total Cost Pool		**$ 7,252,512**	**$ 10,024,181**	**$ 125,121,234**	**$ 12,893,976**	**$ 7,423,346**	**$ 20,380,527**
Total Customers (page 304, line 43)		209,990	387,934	3,754,162	616,239	538,258	709,861
Customer Account Services Expense per Customer		**$ 34.54**	**$ 25.84**	**$ 33.33**	**$ 20.92**	**$ 13.79**	**$ 28.71**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,566,312	$ 9,327,733	$ 84,071,540	$ 7,324,915	$ 29,389,292	$ 41,820,167
Total O&M Payroll (page 355, line 65)		$ 34,722,827	$ 58,926,307	$ 259,602,825	$ 40,448,829	$ 93,465,164	$ 198,017,413
Benefits as Percent of Payroll		21.8%	15.8%	32.4%	18.1%	31.4%	21.1%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 3,030,390	$ 5,651,310	$ 80,457,255	$ 7,888,565	$ 6,206,724	$ 16,440,343
Gas (page 354, line 37)		$ 2,529,882	$ 2,627,496	$ -	$ -	$ 2,275,016	$ 14,795,551
Total Payroll Charged to Customer Accounts		$ 5,560,272	$ 8,278,806	$ 80,457,255	$ 7,888,565	$ 8,481,740	$ 31,235,894
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,779,124	$ 8,326,451	$ 100,156,711	$ 10,983,933	$ 5,758,308	$ 13,972,648
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 241,537	$ 350,812	$ -	$ 645,956	$ 30,160	$ 484,674
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 6,020,661	$ 8,677,263	$ 100,156,711	$ 11,629,889	$ 5,788,468	$ 14,457,322
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 1,980,053	$ 3,845,433	$ 29,071,798	$ 7,065,186	$ 5,951,711	$ 7,476,607
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 8,000,714	$ 12,522,696	$ 129,228,509	$ 18,695,075	$ 11,740,179	$ 21,933,929
Percent Applicable to Customer Accounts Services (903 and 905)		75.3%	69.3%	77.5%	62.2%	49.3%	65.9%
Customer Account Services Portion of Total Payroll		$ 4,184,191	$ 5,736,574	$ 62,357,247	$ 4,907,342	$ 4,181,902	$ 20,588,531
Pension & Benefits Pertaining to Customer Accounts Services		$ 911,760	$ 908,070	$ 20,194,194	$ 888,675	$ 1,314,962	$ 4,348,182
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 4,184,191	$ 5,736,574	$ 62,357,247	$ 4,907,342	$ 4,181,902	$ 20,588,531
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 320,091	$ 438,848	$ 4,770,329	$ 375,412	$ 319,916	$ 1,575,023

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Illinois American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Wisconsin						
		Madison Gas & Electric	NSP - Wisconsin	Northwestern Wis Electric	Superior W, L&P	Wis Electric Power	Wis Power & Light	Wis Public Service
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 4,205,856	$ 4,545,777	$ 273,223	$ 188,845	$ 18,912,041	$ 4,615,649	$ 6,127,292
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 38,622	$ 443,712	$ -	$ 9,527	$ 90,846	$ (178,324)	$ 5,785,903
Subtotal		$ 4,244,478	$ 4,989,489	$ 273,223	$ 198,372	$ 19,002,887	$ 4,437,325	$ 11,913,195
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,332,722	$ 594,529	$ 71,657	$ 35,344	$ 2,679,553	$ 1,240,141	$ 5,250,559
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 385,277	$ 284,614	$ 16,659	$ 20,992	$ 850,774	$ 240,289	$ 1,031,418
Total Cost Pool		**$ 5,962,477**	**$ 5,868,632**	**$ 361,539**	**$ 254,708**	**$ 22,533,213**	**$ 5,917,756**	**$ 18,195,172**
Total Customers (page 304, line 43)		136,658	255,125	12,973	14,508	1,097,510	455,449	425,928
Customer Account Services Expense per Customer		**$ 43.63**	**$ 23.00**	**$ 27.87**	**$ 17.56**	**$ 20.53**	**$ 12.99**	**$ 42.72**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 10,447,852	$ 6,786,941	$ 594,548	$ 608,651	$ 64,651,810	$ 28,901,712	$ 42,884,098
Total O&M Payroll (page 355, line 65)		$ 39,481,969	$ 42,471,362	$ 1,806,780	$ 4,725,346	$ 268,331,124	$ 73,202,441	$ 110,119,464
Benefits as Percent of Payroll		26.5%	16.0%	32.9%	12.9%	24.1%	39.5%	38.9%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 2,882,319	$ 4,264,116	$ 392,360	$ 224,055	$ 12,054,597	$ 5,145,197	$ 8,200,700
Gas (page 354, line 37)		$ 2,563,355	$ 1,525,286	$ -	$ 175,700	$ 4,298,427	$ 1,412,904	$ 5,572,834
Total Payroll Charged to Customer Accounts		$ 5,445,674	$ 5,789,402	$ 392,360	$ 399,755	$ 16,353,024	$ 6,558,101	$ 13,773,534
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 4,205,856	$ 4,545,777	$ 273,223	$ 188,845	$ 18,912,041	$ 4,615,649	$ 6,127,292
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 38,622	$ 443,712	$ -	$ 9,527	$ 90,846	$ (178,324)	$ 5,785,903
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 4,244,478	$ 4,989,489	$ 273,223	$ 198,372	$ 19,002,887	$ 4,437,325	$ 11,913,195
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 345,014	$ 2,774,676	$ 219,069	$ 90,623	$ 8,939,597	$ 4,827,263	$ 257,078
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 4,589,492	$ 7,764,165	$ 492,292	$ 288,995	$ 27,942,484	$ 9,264,588	$ 12,170,273
Percent Applicable to Customer Accounts Services (903 and 905)		92.5%	64.3%	55.5%	68.6%	68.0%	47.9%	97.9%
Customer Account Services Portion of Total Payroll		$ 5,036,297	$ 3,720,446	$ 217,761	$ 274,400	$ 11,121,226	$ 3,141,038	$ 13,482,590
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,332,722	$ 594,529	$ 71,657	$ 35,344	$ 2,679,553	$ 1,240,141	$ 5,250,559
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 5,036,297	$ 3,720,446	$ 217,761	$ 274,400	$ 11,121,226	$ 3,141,038	$ 13,482,590
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 385,277	$ 284,614	$ 16,659	$ 20,992	$ 850,774	$ 240,289	$ 1,031,418

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Illinois American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Missouri			Kentucky			
		Aquila	Kansas City Pwr & Light	Union Electric	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric
Customer Account Management Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 10,189,732	$ 10,322,640	$ 23,104,931	$ 3,332,632	$ 5,947,615	$ 11,543,567	$ 4,361,172
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 4,731	$ 5,972	$ 456,938	$ 6,343	$ 2,104	$ 70,757	$ 248,889
Subtotal		$ 10,194,463	$ 10,328,612	$ 23,561,869	$ 3,338,975	$ 5,949,719	$ 11,614,324	$ 4,610,061
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 3,087,027	$ 1,358,942	$ 2,888,787	$ 1,031,926	$ 232,836	$ 2,465,044	$ 652,046
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 608,226	$ 397,865	$ 747,238	$ 274,415	$ 94,616	$ 249,993	$ 87,152
Total Cost Pool		**$ 13,889,716**	**$ 12,085,419**	**$ 27,197,894**	**$ 4,645,316**	**$ 6,277,171**	**$ 14,329,361**	**$ 5,349,259**
Total Customers (page 304, line 43)		464,588	503,517	1,170,738	117,722	175,571	527,907	397,331
Customer Account Services Expense per Customer		**$ 29.90**	**$ 24.00**	**$ 23.23**	**$ 39.46**	**$ 35.75**	**$ 27.14**	**$ 13.46**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 36,457,466	$ 41,555,196	$ 85,099,288	$ 8,999,663	$ 3,888,690	$ 28,229,324	$ 24,717,445
Total O&M Payroll (page 355, line 65)		$ 93,896,620	$ 159,037,193	$ 287,745,228	$ 31,284,068	$ 20,656,477	$ 37,423,258	$ 43,185,745
Benefits as Percent of Payroll		38.8%	26.1%	29.6%	28.8%	18.8%	75.4%	57.2%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 7,299,421	$ 7,405,801	$ 13,589,950	$ 2,925,473	$ 1,496,370	$ 4,588,293	$ 880,094
Gas (page 354, line 37)		$ 4,347,912	$ -	$ 3,160,299	$ 1,823,135	$ -	$ -	$ 757,336
Total Payroll Charged to Customer Accounts		$ 11,647,333	$ 7,405,801	$ 16,750,249	$ 4,748,608	$ 1,496,370	$ 4,588,293	$ 1,637,430
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 10,189,732	$ 10,322,640	$ 23,104,931	$ 3,332,632	$ 5,947,615	$ 11,543,567	$ 4,361,172
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 4,731	$ 5,972	$ 456,938	$ 6,343	$ 2,104	$ 70,757	$ 248,889
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 10,194,463	$ 10,328,612	$ 23,561,869	$ 3,338,975	$ 5,949,719	$ 11,614,324	$ 4,610,061
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,739,910	$ 4,378,916	$ 16,842,962	$ 1,081,142	$ 1,248,628	$ 4,692,871	$ 2,015,982
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 14,934,373	$ 14,707,528	$ 40,404,831	$ 4,420,117	$ 7,198,347	$ 16,307,195	$ 6,626,043
Percent Applicable to Customer Accounts Services (903 and 905)		68.3%	70.2%	58.3%	75.5%	82.7%	71.2%	69.6%
Customer Account Services Portion of Total Payroll		$ 7,950,672	$ 5,200,850	$ 9,767,821	$ 3,587,118	$ 1,236,809	$ 3,267,878	$ 1,139,240
Pension & Benefits Pertaining to Customer Accounts Services		$ 3,087,027	$ 1,358,942	$ 2,888,787	$ 1,031,926	$ 232,836	$ 2,465,044	$ 652,046
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 7,950,672	$ 5,200,850	$ 9,767,821	$ 3,587,118	$ 1,236,809	$ 3,267,878	$ 1,139,240
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 608,226	$ 397,865	$ 747,238	$ 274,415	$ 94,616	$ 249,993	$ 87,152

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Illinois American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Indiana					
		Duke Energy Indiana	Indiana Michigan Pwr	Indianapolis Power & Light	NIPSCo	So Indiana Gas & Electic	Group Average
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 18,117,442	$ 16,610,048	$ 7,603,902	$ 13,156,536	$ 2,969,508	$ 311,105,583
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 57,534	$ 12,309	$ 71,252	$ 137,286	$ 151,126	$ 9,168,666
Subtotal		$ 18,174,976	$ 16,622,357	$ 7,675,154	$ 13,293,822	$ 3,120,634	$ 320,274,249
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 4,237,121	$ 892,045	$ 1,555,051	$ 4,084,026	$ 2,824	$ 62,258,023
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 696,664	$ 352,614	$ 293,531	$ 1,143,737	$ 150,378	$ 15,726,068
Total Cost Pool		**$ 23,108,761**	**$ 17,867,016**	**$ 9,523,735**	**$ 18,521,585**	**$ 3,273,836**	**$ 398,258,340**
Total Customers (page 304, line 43)		766,165	580,891	466,833	450,819	168,069	14,404,746
Customer Account Services Expense per Customer		**$ 30.16**	**$ 30.76**	**$ 20.40**	**$ 41.08**	**$ 19.48**	**$ 27.65**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 72,322,016	$ 31,195,475	$ 37,890,227	$ 27,645,570	$ 40,455	$ 732,416,386
Total O&M Payroll (page 355, line 65)		$ 155,439,571	$ 161,191,645	$ 93,492,125	$ 101,204,934	$ 28,159,930	$ 2,438,038,645
Benefits as Percent of Payroll		46.5%	19.4%	40.5%	27.3%	0.1%	30.0%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 12,564,124	$ 5,630,709	$ 6,593,347	$ 6,733,185	$ 1,482,695	224027393
Gas (page 354, line 37)		$ -	$ -	$ -	$ 11,231,830	$ 1,315,238	60412201
Total Payroll Charged to Customer Accounts		$ 12,564,124	$ 5,630,709	$ 6,593,347	$ 17,965,015	$ 2,797,933	$ 284,439,594
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 18,117,442	$ 16,610,048	$ 7,603,902	$ 13,156,536	$ 2,969,508	$ 311,105,583
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 57,534	$ 12,309	$ 71,252	$ 137,286	$ 151,126	$ 9,168,666
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 18,174,976	$ 16,622,357	$ 7,675,154	$ 13,293,822	$ 3,120,634	$ 320,274,249
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 6,900,209	$ 3,683,346	$ 5,513,507	$ 2,680,146	$ 1,321,154	127942881
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 25,075,185	$ 20,305,703	$ 13,188,661	$ 15,973,968	$ 4,441,788	$ 448,217,130
Percent Applicable to Customer Accounts Services (903 and 905)		72.5%	81.9%	58.2%	83.2%	70.3%	71.5%
Customer Account Services Portion of Total Payroll		$ 9,106,719	$ 4,609,328	$ 3,837,005	$ 14,950,807	$ 1,965,723	$ 205,569,515
Pension & Benefits Pertaining to Customer Accounts Services		$ 4,237,121	$ 892,045	$ 1,555,051	$ 4,084,026	$ 2,824	$ 61,755,576
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 9,106,719	$ 4,609,328	$ 3,837,005	$ 14,950,807	$ 1,965,723	$ 205,569,515
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 696,664	$ 352,614	$ 293,531	$ 1,143,737	$ 150,378	$ 15,726,068

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VI - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to IAWC by the Service Company would be necessary if IAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for IAWC. Based on discussions with Service Company personnel, the matrix in Schedule 10 was created showing which entity—IAWC or a Service Company location—is responsible for each of the functions IAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if IAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to IAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	IAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		P				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	S		P		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	P		S				
Developers Extensions	P						
Tank Painting	S		P				
Water Quality and Purification							
Water Quality Standards Development			S		P		S
Research Studies	S				P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Tracking and Chemical Testing	S		S				P
Sample Collection and Other Testing	P		S		S		S
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	S		P		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S	S				
Customer Credit		P	S				
Meter Reading	P		S			S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	IAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings—Equity			P	S	S		
Financings--Long Term Debt & Preferred (A)			P	S	S		
Short Term Lines of Credit Arrangements (A)			S	S	S		
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	S		P				
O&M	S		P				
Depreciation and Interest Expense	S		P	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	S		P				
Capital Budget Preparation—Non-Project Work	S		P				
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	S		P				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections (A)	S		P				
Accounting and Taxes							
Accounts Payable Accounting	S		S	P			
Payroll Accounting	S		S	P			
Work Order Accounting	S		S	P			
Fixed Asset Accounting	S		S	P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S		S	P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	IAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S				P		
Contract Administration	P				P		
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration			P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Labor Negotiations--Wages	S		P				
Labor Negotiations--Benefits					P		
Labor Negotiations-- Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk				S		P	

Governance Practices Associated With Service Company Charges

There are several ways by which IAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Regional President Oversight** – The Regional President of the Central Region is on the Executive Management Team (EMT) of American Water. The Regional President is responsible for the overall performance of each operating company in the region, including IAWC. As part of the EMT, each Regional President has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The Regional President also serves as a Director on the Board of the Service Company.

- **Regional Vice President & Treasurer** – The Regional Vice President and Treasurer of the Central Region is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The Regional Service Delivery and Finance Directors monitor the performance and reporting from the Service Company and pushes back whenever the quality and service are not appropriate.

- **Operating Company Board Oversight** – IAWC board of directors includes the Regional President, Vice President of Operations and Vice President of Finance.

- **Service Company Budget Review/Approval** – Every Regional President sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Regional President. The Regional President, with input from the regional management team has the ability to impact all new initiatives and projects before they are authorized. Projects ultimately must be accounted for in the Service Company Budget, approved by its Board.

- **Service Company Bill Scrutiny** – Operating company personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Any mistakes or overcharges are credited on a subsequent billing.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, the monthly financial review meetings are held to review various aspects of the financial statements of the Service Company.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. The Regional President attends the monthly review of the Service Company which includes an analysis of variances in both operating and financial data.

- **Capital Investment Management (CIM) –** Capital investment within American Water is a significant and essential part of the business. It is necessary to maintain regulatory compliance, provide for reliable, efficient, and quality service, keep pace with growth, and

facilitate appropriate infrastructure renewal. American Water's CIM policy supports the following objectives:

- Capital investment plans are developed and aligned with business plan objectives
- Effective technical oversight and governance is in place for individual projects
- Establishes investment strategies that represent value enhancements for customers
- Periodically review investment performance against established objectives and make adjustments to meet business needs

The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including IAWC.

Market Cost Comparison of Service Company Charges to Kentucky American Water Company

12-Months Ended December 31, 2006

Kentucky American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Kentucky American Water Company (KAWC):

1. Was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12-months ended December 31, 2006?

2. Were the 12-months ended December 31, 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services KAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- KAWC was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2006.

- On average, the hourly rates for outside service providers are **44% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, KAWC and its ratepayers would have incurred an **additional $2.7 million** in expenses. This amount includes the higher cost of outside providers and the cost of a KAWC position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $2.7 million cited above.

- It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is near the average of the comparison group of neighboring electric utilities**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of KAWC. During the 12-months ended December 31, 2006, the customer accounts cost for KAWC customers was $26.98 compared to the 2005 average of $26.07 for neighboring electric utilities. The highest comparison group per customer cost was $35.82 and the lowest $12.43.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in the second quarter of 2001 and a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of KAWC, which incurred the expense on its books. KAWC transitioned to the Alton Call Center in October 2003 and to the Pensacola Call Center in June 2005.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they have not been consolidated into the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations. There are four regional offices—Northeast, Southeast, Central and West.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the email system. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads – employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support – wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks

- Office Expenses – office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges.

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries.

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet (see example in Schedule 1) that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable).

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

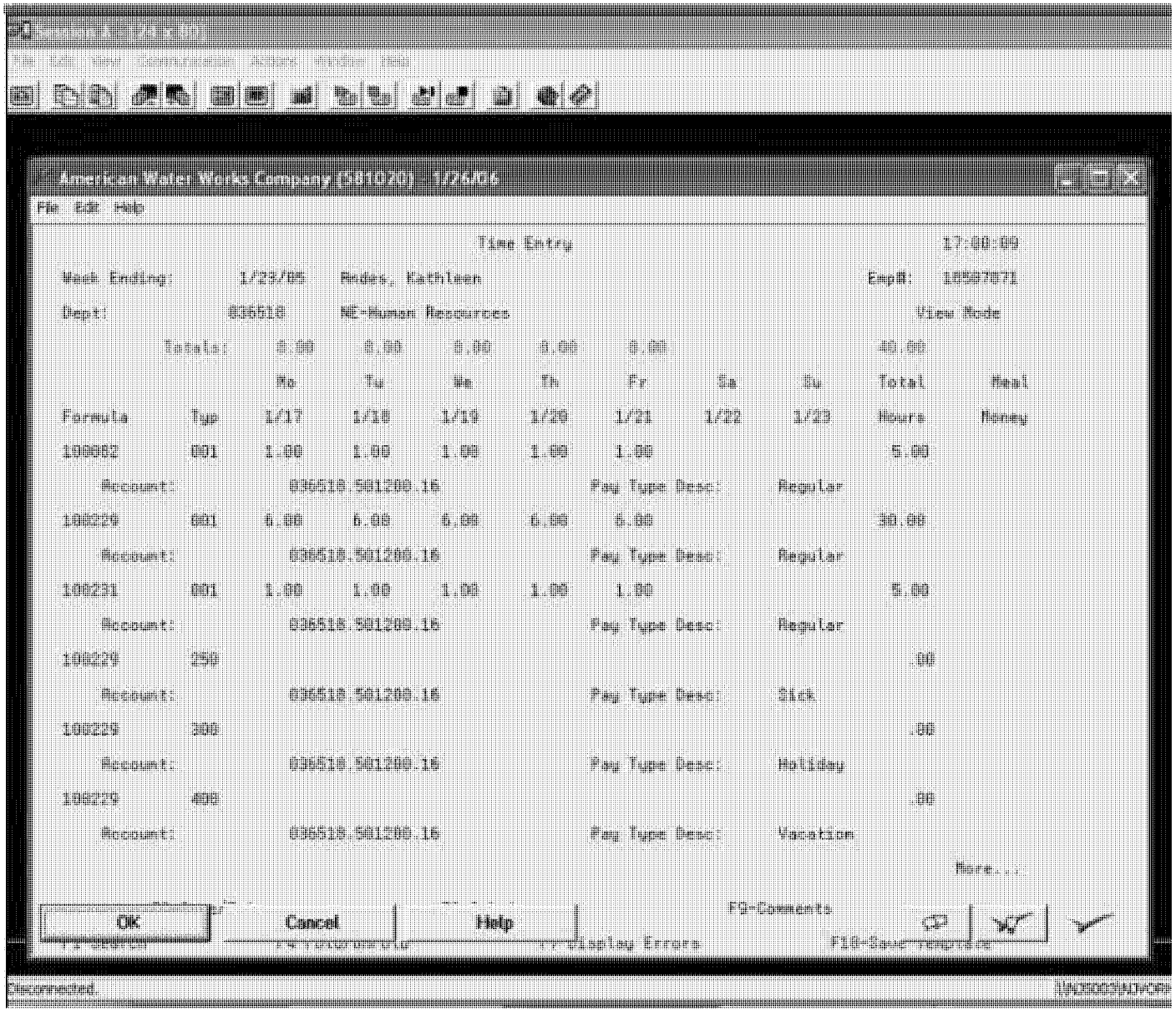
Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 2% of the Voorhees Data Center's professional labor is assigned to KAWC during a month, then 2% of that office's monthly administrative labor charges also is assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 2% of the Corporate Office's accumulated professional and support labor is charged to KAWC during the month, then 2% of that month's overhead expenses will be assigned to KAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to KAWC, then 2% of that office's office expenses would be assigned to KAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a state rate case proceeding are charged directly to the operating company whose case is being heard.

Kentucky American Water Company
Sample Electronic Time Sheet



III – Service Company Cost Comparison Approach

During the 12-months ended December 31, 2006, the Service Company billed KAWC $6,612,414 in O&M-related charges. Included in this amount is $733,724 associated with several non-recurring items, for which KAWC is not seeking recovery. This market study excludes the non-recurring items so as to align with the rate case's recoverable costs.

For purposes of comparing Service Company charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	2006	
	Amount	Hours
Management and Professional Services	$ 4,406,473	48,595
Customer Account Services	$ 1,472,217	49,904
Total Charges	$ 5,878,690	98,499

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to KAWC during 2006. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing KAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to KAWC. A determination was then made as to whether these services would be required if KAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar educational backgrounds as Service Company engineering personnel. In fact, many Belleville employees have engineering degrees. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to KAWC during 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged KAWC during 2006, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 2 (page 10) details the assignment of 2006 management and professional Service Company charges to outsider provider categories. Schedule 3 (page 11) shows the same assignment for Service Company management and professional hours charged to KAWC during 2006.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2006 test year non-labor Service Company charges:

- Contract Services – 2006 Service Company charges to KAWC include over $413,000 in charges associated with existing arrangements with outside professional firms who perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in 2006 Service Company charges to KAWC are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the email system. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 4 (page 12) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 2 and 3 and the excludable items shown in Schedule 4, the Service Company's equivalent costs per hour for 2006 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 280,454	$ 1,227,408	$ 2,068,084	$ 830,527	$ 4,406,473
Less:					
Contract services	8,060	97,609	295,680	11,978	413,326
Travel expenses	5,596	7,307	8,592	8,548	30,043
Computer hardware/software	4	12,483	49,854	304	62,644
Net Service Charges (A)	$ 266,794	$ 1,110,009	$ 1,713,959	$ 809,699	$ 3,900,460
Total Hours (B)	2,041	11,786	25,258	9,510	48,595
Average Hourly Rate (A / B)	**$ 131**	**$ 94**	**$ 68**	**$ 85**	

Kentucky American Water Company
Analysis of 2006 Service Company Charges By Location And Function

Location	Function	2006 Service Company Charges									
		Attorney		Management Consultant		Certified Public Accountant		Professional Engineer		Total	
Belleville Lab	Water Quality							$	173,054	$	173,054
Call Center	Human Resources			$	35,974					$	35,974
Corporate	Accounting					$	106,490			$	106,490
	Administration	$	29,624	$	248,625	$	169,740	$	105,722	$	553,711
	Audit					$	37,212			$	37,212
	Communications			$	65,748					$	65,748
	Finance					$	163,765			$	163,765
	Human Resources			$	153,205					$	153,205
	Legal	$	74,313							$	74,313
	Operations							$	110,649	$	110,649
	Rates & Revenue					$	106,287			$	106,287
	Risk Management			$	44,700					$	44,700
	Water Quality							$	36,217	$	36,217
Regional Offices	Accounting					$	20,894			$	20,894
	Administration			$	254,063					$	254,063
	Communications			$	201,580					$	201,580
	Customer Service									$	-
	Engineering							$	52,541	$	52,541
	Finance					$	190,055			$	190,055
	Human Resources			$	121,933					$	121,933
	Legal	$	176,516							$	176,516
	Operations							$	288,493	$	288,493
	Risk Management			$	69,962					$	69,962
	Water Quality							$	63,850	$	63,850
Information Technology	Audit					$	14,115			$	14,115
	Information Technology					$	794,195			$	794,195
Shared Services	Accounting					$	408,940			$	408,940
	Administration			$	31,619					$	31,619
	Finance					$	38,801			$	38,801
	Rates & Revenue					$	17,588			$	17,588
Total Dollars Charged		**$**	**280,454**	**$**	**1,227,408**	**$**	**2,068,084**	**$**	**830,527**	**$**	**4,406,473**

Kentucky American Water Company
Analysis of 2006 Service Company Hours By Location And Function

Location	Function	2006 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				2,618	2,618
Call Center	Human Resources		472			472
Corporate	Accounting			1,550		1,550
	Administration		128			128
	Audit			575		575
	Communications		227			227
	Finance			1,463		1,463
	Human Resources		1,595			1,595
	Legal	299				299
	Operations				507	507
	Rates & Revenue			327		327
	Risk Management		351			351
	Water Quality				572	572
Regional Offices	Accounting			349		349
	Administration		909			909
	Communications		4,242			4,242
	Customer Service					-
	Engineering				341	341
	Finance			2,604		2,604
	Human Resources		1,940			1,940
	Legal	1,742				1,742
	Operations				4,482	4,482
	Risk Management		1,647			1,647
	Water Quality				991	991
Information Technology	Audit			336		336
	Information Technology			8,415		8,415
Shared Services	Accounting			7,979		7,979
	Administration		275			275
	Finance			1,383		1,383
	Rates & Revenue			277		277
Total Hours Charged		**2,041**	**11,786**	**25,258**	**9,510**	**48,595**

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Kentucky American Water Company
2006 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 163,083	$ 1,158	$ 994	$ 165,235	Certified Public Accountant
Administration	$ 31,918	$ 1,127	$ 231	$ 33,276	Management Consultant
Audit	$ (102)	$ 423		$ 321	Certified Public Accountant
Communications	$ 21,194	$ 720	$ 227	$ 22,141	Management Consultant
Engineering		$ 332		$ 332	Professional Engineer
Finance	$ 38,687	$ 2,969	$ 604	$ 42,260	Certified Public Accountant
Human Resources	$ 40,461	$ 3,988	$ 1,134	$ 45,584	Management Consultant
Information Technology	$ 80,414	$ 1,533	$ 48,255	$ 130,202	Certified Public Accountant
Legal	$ 8,060	$ 5,596	$ 4	$ 13,660	Attorney
Operations	$ 3,921	$ 6,602	$ 139	$ 10,662	Professional Engineer
Rates & Revenue	$ 13,599	$ 2,508		$ 16,106	Certified Public Accountant
Risk Management	$ 4,036	$ 1,472	$ 10,890	$ 16,397	Management Consultant
Water Quality	$ 8,057	$ 1,614	$ 165	$ 9,835	Professional Engineer
Total	**$ 413,326**	**$ 30,043**	**$ 62,644**	**$ 506,013**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 8,060	$ 5,596	$ 4	$ 13,660
Management Consultant	$ 97,609	$ 7,307	$ 12,483	$ 117,399
Certified Public Accountant	$ 295,680	$ 8,592	$ 49,854	$ 354,125
Professional Engineer	$ 11,978	$ 8,548	$ 304	$ 20,829
Total	**$ 413,326**	**$ 30,043**	**$ 62,644**	**$ 506,013**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Kentucky Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Kentucky attorneys. Therefore, a Kentucky estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 5, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Lexington, Kentucky. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Certified Public Accountants

The average hourly rate for Kentucky certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in the Kentucky region. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 7. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been used by KAWC in 2006. As presented in Schedule 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 5

Kentucky American Water Company
Estimated Billing Rates Of Kentucky Attorneys

Billing rates as of December 31, 2005 (Note A)														
Firm	Michigan Location	Number Of Mich Lawyers	Billing Rate Range Associate		Partner		Average		Cost of Living Adjust (C)		Adjusted Rate	
Dykema	Detroit	228	$	250	$	408	$	329	93%		$	352
Dickinson Wright PLLC	Detroit	218	$	208	$	385	$	296	93%		$	317
Butzel Long	Detroit	212	$	283	$	385	$	334	93%		$	357
Bodman LLP	Detroit	130	$	168	$	323	$	245	93%		$	262
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$	160	$	358	$	259	108%		$	239
Sommers Schwartz	Southfield	76	$	138	$	193	$	165	108%		$	153
Trott & Trott, PC	Bingham Farms	57	$	188	$	250	$	219	169%		$	129
Brooks Kushman PC	Southfield	52	$	218	$	375	$	296	108%		$	274
Foley & Lardner LLP	Detroit	42	$	298	$	453	$	375	93%		$	401
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$	155	$	263	$	209	130%		$	161
Pepper Hamilton LLP	Detroit	31	$	255	$	448	$	351	93%		$	376
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$	218	$	338	$	278	143%		$	194
O'Reilly Rancilio PC	Sterling Heights	27	$	180	$	238	$	209	110%		$	189
Thrun Law Firm	East Lansing	27	$	190	$	220	$	205	102%		$	200
Strobl & Sharp, PC	Bloomfield Hills	26	$	145	$	275	$	210	143%		$	147
Kupelian Ormond & Magy, PC	Southfield	24	$	173	$	263	$	218	108%		$	201
Parmenter O'Toole	Muskegon	23	$	145	$	238	$	191	90%		$	213
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$	208	$	373	$	290	143%		$	203
Tanoury, Corbet, Shaw, Nauts & Essad PLLC	Detroit	22	$	120	$	180	$	150	93%		$	161
Williams, Williams, Rattner & Plunkett, PC	Birmingham	22	$	200	$	313	$	256	129%		$	199
									Overall Average at December 31, 2005		$	236
									Escalation to Mid-Point of Year - June 30, 2006 (Note B)			
									CPI at December 31, 2005			196.8
									CPI at June 30, 2006			202.9
									Inflation/Escalation			3.1%
									Average Billing Rate At June 30, 2006		**$**	**244**

Note A: Source is Michigan Lawyers Weekly, April 2006
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Lexington, Ky. A number over 100% indicates the Michigan city's cost of living is higher than Lexington. A number less than 100% indicates Lexington's cost of living is higher.

Schedule 6

Kentucky American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2006 (Note B)	
CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Consultants At June 30, 2006	**$ 218**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

Kentucky American Water Company
Estimated Billing Rates Of Kentucky Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 65	$ 77	$ 112	$ 150

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 65	$ 77	$ 112	$ 150	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 20	$ 23	$ 22	$ 30	**$ 95**

CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Kentucky CPAs At June 30, 2006	**$ 98**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 8

Kentucky American Water Company
Billing Rates Of Kentucky Engineers

Note: Billing rates were those in effect in 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$65	$93	$121	$237
Firm #2	$63	$71	$114	na

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$64	$82	$117	$237	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$19	$29	$29	$24	**$101**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2006		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 131	$ 244	$ (113)
Management Consultant	$ 94	$ 218	$ (124)
Certified Public Accountant	$ 68	$ 98	$ (30)
Professional Engineer	$ 85	$ 101	$ (16)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to KAWC during the 12-months ended December 31, 2006, outside service providers would have cost $2,602,632 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 44% higher than those of the Service Company ($2,602,632 / $5,878,690).

	12 Months Ended December 31, 2006		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (113)	2,041	$ (231,164)
Management Consultant	$ (124)	11,786	$ (1,459,265)
Certified Public Accountant	$ (30)	25,258	$ (761,368)
Professional Engineer	$ (16)	9,510	$ (150,835)
Service Company Less Than Outside Providers			$ (2,602,632)

If KAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 48,595 hours of work (around 32 full-time equivalents at 1,500 billable hours per FTE) would add a significant workload to the existing KAWC management team. Thus, it would be necessary for KAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $121,400 per year to KAWC's personnel expenses.

Cost of Adding Administrative Positions To KAWC's Staff

	Total
New Positions' Salary	$ 85,000
Benefits (at 52%)	$ 36,400
Total Cost of the New Position	$ 121,400

Thus, the total effect on the ratepayers of KAWC of contracting all services now provided by Service Company would be an increase in their costs of **$2,724,032** ($2,602,632 + $121,400).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for KAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, KAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 9 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Kentucky American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Kentucky American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Illinois	• Commonwealth Edison • Illinois Power	• MidAmerica Energy
Indiana	• Indiana Michigan Power • Indianapolis Power & Light	• Northern Indiana Public Service • Public Service of Indiana
Missouri	• Kansas City Power & Light	
Ohio	• Cincinnati Gas & Electric • Cleveland Electric • Columbus Southern Power • Dayton Power & Light	• Ohio Edison • Ohio Power • Toledo Edison
Tennessee	• Kingsport Power	
Virginia	• Appalachian Power	• Virginia Electric Power
West Virginia	• Wheeling Power	

Some neighboring electric utilities could not be included in the comparison group because they did not submit the necessary FERC Form 1 data.

Comparison Approach

The basis for this comparison is customer account services expenses per customer. KAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, KAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company Pensacola & Alton Call Centers a. Customer contact b. Customer order processing c. Billing information processing d. Collections e. Correspondence processing IT Service Centers a. Support expenses for the customer information system (ORCOM) Kentucky American Water a. Payment processing

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense a. Customer contact b. Customer order processing c. Bill preparation and mailing d. Collections e. Payment processing f. Correspondence processing

KAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to KAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.28 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, KAWC's adjusted annual expense per customer is $26.18—the number that can be compared to neighboring electric utilities' expenses.

Kentucky-American 2006 Cost Per Customer

Cost Component		2006 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 1,315,990	$ 1,254,303	$ 2,570,294	
Regional Offices		$ 156,227		$ 156,227	
IT/Data Centers	Bill preparation and mailing	$ 274,661		$ 274,661	
Operating Company	Customer payment processing			$ 152,198	Note B
			Cost Pool Total	$ 3,153,378	
			Total Customers	116,865	
	2006 Cost Per Kentucky-American Customer			**$ 26.98**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 1,315,990
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.28	
Percent different	95%	95%
Total Adjustment B		$ 1,254,303

Note B: Estimated customer payment processing expenses

Number of customers	116,865
Number of payments/customer/year	12
Total payments processed/year	1,402,380
Bank charge per item	$ 0.1085
Total estimated annual expense	$ 152,198

Electric Utility Group Cost Per Customer

Schedule 10 shows the actual 2005 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, KAWC's cost per customer is near the average of the electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to KAWC are reasonable.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	12.43
Illinois Power	$	14.01
Virginia Electric Power	$	15.77
Ohio Edison	$	16.68
Cleveland Electric Illuminating	$	17.15
Dayton Power & Light	$	19.72
Toledo Edison	$	21.45
Indianapolis Power & Light	$	21.91
Kentucky Utilities	$	24.87
Union Heat, Light & Power	$	25.64
Public Service of Indiana	$	26.02
Comparison Group Average	**$**	**26.07**
Kansas City Power & Light	$	26.64
Kentucky American Water	**$**	**26.98**
Wheeling Power	$	29.20
Cincinnati Gas & Electric	$	30.50
MidAmerican Energy	$	31.14
Indiana Michigan Power	$	31.50
Kingsport Power	$	32.18
Ohio Power	$	32.30
Appalachian Power	$	32.40
Commonwealth Edison	$	33.43
Kentucky Power	$	34.25
Columbus & Souther Power	$	35.49
Northern Indiana Public Serice	$	35.82

Kentucky American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		West Virginia	Kentucky				Virginia	
		Wheeling Power	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Union Light, Heat & Power	Appalachian Power	Virginia Electric Power
Customer Account Management Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 1,124,907	$ 5,669,498	$ 10,832,569	$ 4,279,581	$ 2,787,640	$ 28,324,797	$ 27,055,213
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 3,916	$ 15,566	$ 130,794	$ 276,482	$ 96,072	$ 65,026	$ -
Subtotal		$ 1,128,823	$ 5,685,064	$ 10,963,363	$ 4,556,063	$ 2,883,712	$ 28,389,823	$ 27,055,213
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 45,742	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291	$ 1,155,330	$ 6,548,241
Account 408 - Taxes Other Than Income (Employer's Portion of FIC.	**Note B**	$ 31,178	$ 135,759	$ 358,923	$ 62,820	$ 195,943	$ 850,432	$ 2,461,320
Total Cost Pool		**$ 1,205,743**	**$ 6,001,796**	**$ 12,963,648**	**$ 4,884,656**	**$ 3,358,947**	**$ 30,395,584**	**$ 36,064,774**
Total Customers (page 304, line 43)		41,294	175,255	521,342	392,998	131,028	938,029	2,287,193
Customer Account Services Expense per Customer		**$ 29.20**	**$ 34.25**	**$ 24.87**	**$ 12.43**	**$ 25.64**	**$ 32.40**	**$ 15.77**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 486,262	$ 3,634,365	$ 22,757,866	$ 21,039,968	$ 3,124,822	$ 17,426,702	$ 130,305,500
Total Payroll (page 355, line 96)		$ 4,332,473	$ 35,638,655	$ 65,053,063	$ 65,008,192	$ 28,657,418	$ 167,682,274	$ 640,242,951
Total Benefits as Percent of Payroll		11.2%	10.2%	35.0%	32.4%	10.9%	10.4%	20.4%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 407,551	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351	$ 11,116,753	$ 32,174,121
Pension & Benefits Pertaining to Customer Accts Expenses		$ 45,742	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291	$ 1,155,330	$ 6,548,241
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 407,551	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351	$ 11,116,753	$ 32,174,121
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 31,178	$ 135,759	$ 358,923	$ 62,820	$ 195,943	$ 850,432	$ 2,461,320

Kentucky American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cin Gas & Electric	Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 16,957,239	$ 11,230,608	$ 23,820,271	$ 8,492,898	$ 14,841,763	$ 21,665,275	$ 5,303,736
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 330,392	$ 548,454	$ 43,621	$ -	$ 606,191	$ 57,486	$ 473,314
Subtotal		$ 17,287,631	$ 11,779,062	$ 23,863,892	$ 8,492,898	$ 15,447,954	$ 21,722,761	$ 5,777,050
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,385,460	$ 950,879	$ 861,354	$ 1,102,139	$ 1,332,841	$ 675,068	$ 745,337
Account 408 - Taxes Other Than Income (Employer's Portion of FIC.	**Note B**	$ 994,470	$ 333,890	$ 447,526	$ 491,627	$ 471,882	$ 497,301	$ 183,541
Total Cost Pool		**$ 20,667,561**	**$ 13,063,831**	**$ 25,172,772**	**$ 10,086,663**	**$ 17,252,677**	**$ 22,895,130**	**$ 6,705,928**
Total Customers (page 304, line 43)		677,662	761,559	709,305	511,595	1,034,352	708,823	312,698
Customer Account Services Expense per Customer		**$ 30.50**	**$ 17.15**	**$ 35.49**	**$ 19.72**	**$ 16.68**	**$ 32.30**	**$ 21.45**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 47,475,767	$ 15,685,439	$ 12,034,999	$ 15,099,058	$ 18,208,700	$ 17,071,647	$ 9,733,958
Total Payroll (page 355, line 96)		$ 258,720,076	$ 71,996,883	$ 81,737,364	$ 88,041,518	$ 84,269,929	$ 164,393,699	$ 31,333,451
Total Benefits as Percent of Payroll		18.4%	21.8%	14.7%	17.1%	21.6%	10.4%	31.1%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 12,999,608	$ 4,364,576	$ 5,850,008	$ 6,426,492	$ 6,168,392	$ 6,500,661	$ 2,399,227
Pension & Benefits Pertaining to Customer Accts Expenses		$ 2,385,460	$ 950,879	$ 861,354	$ 1,102,139	$ 1,332,841	$ 675,068	$ 745,337
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 12,999,608	$ 4,364,576	$ 5,850,008	$ 6,426,492	$ 6,168,392	$ 6,500,661	$ 2,399,227
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 994,470	$ 333,890	$ 447,526	$ 491,627	$ 471,882	$ 497,301	$ 183,541

Kentucky American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Missouri	Illinois			Tennessee
		Kansas City Power & Light	Commonwealth Edison	Illinois Power	MidAmerica Energy	Kingsport Power
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 11,049,856	$ 106,497,723	$ 6,940,415	$ 14,864,999	$ 1,433,975
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 7,221	$ -	$ 307,504	$ 710,122	$ 2,709
Subtotal		$ 11,057,077	$ 106,497,723	$ 7,247,919	$ 15,575,121	$ 1,436,684
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,617,439	$ 11,760,247	$ 620,503	$ 2,651,407	$ 19,249
Account 408 - Taxes Other Than Income (Employer's Portion of FIC.	**Note B**	$ 589,767	$ 5,811,184	$ 614,028	$ 1,273,961	$ 22,989
Total Cost Pool		**$ 13,264,283**	**$ 124,069,155**	**$ 8,482,450**	**$ 19,500,489**	**$ 1,478,923**
Total Customers (page 304, line 43)		497,877	3,711,762	605,279	626,226	45,960
Customer Account Services Expense per Customer		**$ 26.64**	**$ 33.43**	**$ 14.01**	**$ 31.14**	**$ 32.18**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 39,543,929	$ 72,745,805	$ 11,558,108	$ 40,108,225	$ 260,234
Total Payroll (page 355, line 96)		$ 188,482,542	$ 469,888,402	$ 149,509,773	$ 251,913,704	$ 4,062,743
Total Benefits as Percent of Payroll		21.0%	15.5%	7.7%	15.9%	6.4%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 7,709,375	$ 75,963,195	$ 8,026,507	$ 16,653,088	$ 300,515
Pension & Benefits Pertaining to Customer Accts Expenses		$ 1,617,439	$ 11,760,247	$ 620,503	$ 2,651,407	$ 19,249
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt						
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 7,709,375	$ 75,963,195	$ 8,026,507	$ 16,653,088	$ 300,515
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 589,767	$ 5,811,184	$ 614,028	$ 1,273,961	$ 22,989

Kentucky American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Indiana				
		Indiana Michigan Pwr	Indianapolis Power & Light	NIPSCo	Pub Service of Indiana	Group Average
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 17,053,003	$ 7,326,360	$ 14,221,619	$ 14,922,938	$ 376,696,883
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 44,548	$ 397,889	$ 145,257	$ 121,962	$ 4,384,526
Subtotal		$ 17,097,551	$ 7,724,249	$ 14,366,876	$ 15,044,900	$ 381,081,409
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 718,820	$ 1,899,860	$ 1,155,339	$ 3,726,773	$ 42,339,427
Account 408 - Taxes Other Than Income (Employer's Portion of FIC.	**Note B**	$ 434,513	$ 514,872	$ 470,395	$ 977,535	$ 18,225,856
Total Cost Pool		**$ 18,250,885**	**$ 10,138,981**	**$ 15,992,610**	**$ 19,749,208**	**$ 441,646,693**
Total Customers (page 304, line 43)		579,376	462,837	446,495	758,912	16,937,857
Customer Account Services Expense per Customer		**$ 31.50**	**$ 21.91**	**$ 35.82**	**$ 26.02**	**$ 26.07**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 26,142,933	$ 32,170,538	$ 31,993,279	$ 62,558,153	$ 651,166,257
Total Payroll (page 355, line 96)		$ 206,573,891	$ 113,965,747	$ 170,274,964	$ 214,497,393	$ 3,556,277,105
Total Benefits as Percent of Payroll		12.7%	28.2%	18.8%	29.2%	18.3%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 5,679,911	$ 6,730,350	$ 6,148,956	$ 12,778,240	$ 238,246,488
Pension & Benefits Pertaining to Customer Accts Expenses		$ 718,820	$ 1,899,860	$ 1,155,339	$ 3,726,773	$ 43,623,730
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt						
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 5,679,911	$ 6,730,350	$ 6,148,956	$ 12,778,240	$ 238,246,488
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 434,513	$ 514,872	$ 470,395	$ 977,535	$ 18,225,856

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VI - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to KAWC by the Service Company would be necessary if KAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for KAWC. Based on discussions with Service Company personnel, the matrix in Schedule 11 was created showing which entity—KAWC or a Service Company location—is responsible for each of the functions KAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 11, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	Kentucky American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		S				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	P		S		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	S		P				
Developers Extensions	P						
Tank Painting	P		S				
Water Quality and Purification							
Water Quality Standards Development			S		S		P
Research Studies	S				S		P
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Sampling	P		S				S
Testing/Other Sampling	S		S		S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S					
Customer Credit		P					
Meter Reading	P					S	
Customer Bill Preparation		S				P	
Bill Collection	S	P				S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	Kentucky American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	P		P		S		
Financings—Equity					S		
Financings--Long Term Debt & Preferred (A)	S		P				
Short Term Lines of Credit Arrangements (A)	S		P				
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	P		S				
O&M	P		S				
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P		S				
Capital Budget Preparation--Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P		S				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections	P		S				
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation--Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S			P			
Gross Receipts Taxes	S			P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	Kentucky American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	S		P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Labor Negotiations--Wages	S		P				
Labor Negotiations--Benefits					P		
Labor Negotiations--Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	P						
Affirmative Action/EEO--Plan Development	P						
Affirmative Action/EEO--Implementation	P						
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration			P			S	
PC Acquisition & Support			P			S	
Help Desk			S			P	

Governance Practices Associated With Service Company Charges

There are several ways by which KAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Regional President Oversight** – The Regional President of the Southeast Region is on the Executive Management Team (EMT) of American Water. The Regional President is responsible for the overall performance of each operating company in the region, including PAWC, VAWC, WVAWC, KAWC, KAWC and MAWC. As part of the EMT, each Regional President has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The regional president has dialogue with each operating sub president to address their local concerns.

- **Regional Vice President & Treasurer** – The Regional Vice President and Treasurer of the Southeast Region is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The Vice President and Treasurer monitor the performance and reporting from the Service Company and pushes back whenever the quality and service are not appropriate. The operating sub interacts with the regional VP & Treasurer to discuss any concerns with billings, etc.

- **Operating Company Board Oversight** – KAWC board of directors includes members of American Water's EMT, members of the regional management team and business and community leaders from outside the Company. This helps ensure that KAWC's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – Every operating company's regional president sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. KAWC's president is chairman of the local board.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Regional President. The Regional President, with input from the regional management team (including president of KAWC) has the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Regional office personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Local subsidiary financial analyst has dialogue with regional office personnel on the monthly bill and any mistakes or overcharges are credited on a subsequent billing.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date.

- **Capital Investment Management (CIM) –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water and Thames Water. The current CIM process and procedures were established in 2003 as part of an initiative to implement leading water industry practices. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business,
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans,
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all KAWC Operating Units. Monthly meetings are held to review projects and when appropriate, KAWC is represented locally by appropriate parties.

WITNESS: P.BARYENBRUCH

KENTUCKY AMERICAN WATER COMPANY

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during 2006 to Kentucky American Water (KAWC). This study was undertaken in conjunction with KAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions. First, was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during 2006? Second, were the 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services KAWC receives from Service Company necessary?

6. Q. What conclusions were you able to draw concerning question number 1, whether KAWC was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) KAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended December 31, 2006.

(2) On average, the hourly rates for outside service providers are 44% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, KAWC and its ratepayers would have incurred an **additional $2.7 million** in expenses. This amount includes the higher cost of outside providers and the cost of a KAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 hours per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $2.7 million cited above.

(6) It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

7. Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to KAWC?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is near the average of the comparison group of neighboring electric utilities**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of KAWC. During the 12-months ended December 31, 2006, the customer accounts cost for KAWC customers was $26.98 compared to the 2005 average of $26.07 for neighboring electric utilities. The highest comparison group per customer cost was $35.82 and the lowest $12.43.

9. Q. What conclusions were you able to draw concerning the necessity of the services KAWC receives from the Service Company?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to KAWC.

10. Q. Does this complete your testimony?

A. Yes.

Assessment of Service Company Charges to Kentucky American Water Company

12-Months Ended July 31, 2008

Baryenbruch & Company, LLC

Kentucky American Water Company
Assessment of Service Company Charges
12-Months Ended July 31, 2008

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I - Introduction

Purpose Of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to Kentucky American Water Company ("KAWC"), each of which bears on the reasonableness of those charges as incurred during the 12 months ended July 31, 2008:

1. Was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during this test period?

2. Was the 12 months ended July 31, 2008 cost of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

3. Are the services KAWC receives from Service Company necessary?

4. Were the Service Company's charges to KAWC during the 12-months ended July 31, 2008 comparable to other utility service companies?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- KAWC was charged the lower of cost or market for managerial and professional services during the 12-months ended July 31, 2008.

- On average, the hourly rates for outside service providers are 28% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12-months ended July 31, 2008, KAWC and its ratepayers would have incurred nearly $1,745,000 in additional expenses. This amount includes the higher cost of outside providers and the cost of an additional KAWC position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1,745,000 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $80,000 in additional charges from outside providers.

- It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Centers, is close to the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and KAWC. During the 12-months ended July 31, 2008, the customer accounts cost for KAWC customers was $28.07 compared to the 2007 average of $27.99 for neighboring electric utilities. The highest comparison group per customer cost was $39.81 and the lowest $13.71.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

Concerning question 4, the following conclusions were reached:

- The Service Company provides KAWC with services similar to those provided by other utility service companies. This determination was based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

- The Service Company's 12 months ended July 31, 2008 cost per KAWC customer was reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 2008 test period, KAWC was charged an average of $60 per customer by the Service Company compared to an average of $121 per customer for service companies reporting to the FERC.

II - Background

Overview Of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common costs (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding its own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like KAWC, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers: one in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of KAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois, and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to American Water's operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses can be directly charged and allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Southeast Region's professional labor is assigned to KAWC during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Southeast Region's accumulated professional and support labor is charged to KAWC during the month, then 20% of that month's overhead expenses will be assigned to KAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to KAWC, then 2% of that office's office expenses would be assigned to KAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended July 31, 2008, the Service Company billed KAWC $8,347,528 in O&M-related charges, $486,878 in capital-related charges and $1,114 in other charges. Included in the O&M amount are certain non-recurring expenses and non-Southeast Region charges which are excluded from this market study. As calculated in the table below, net Service Company charges of $7,552,811 were subjected to a market cost comparison.

Reconciliation to Testable Service Company Charges		
Total Management Fees (O&M)	$	7,859,536
Non-Recurring Items:		
Business Change - Corporate	$	(23,400)
Business Change - Regions	$	(9,111)
Divestiture & SOX - Corp	$	(729,860)
Divestiture & SOX - Regions	$	17,854
Less: Non-Southeast Region Charges	$	(50,041)
Net Testable O&M	$	7,064,978
Total Capital	$	486,878
Total Other	$	1,114
Total Testable Svc Co Charges	**$**	**7,552,970**

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended July 31, 2008		
	Amount		Hours
Management and Professional Services	$	5,724,142	48,123
Customer Account Services	$	1,828,827	43,730
Total Service Company Charges	$	7,552,970	91,853

This study's first question—whether Service Company 12 months ended July 31, 2008 charges were charged at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to KAWC during the 12 months ended July 31, 2008. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—whether Service Company 12 months ended July 31, 2008 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing KAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer

account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to KAWC. A determination was then made as to whether these services would be required if KAWC were a stand-alone utility.

The fourth question—whether Service Company 12 months ended July 31, 2008 charges were reasonable by other comparative measures—was determined by comparing KAWC's net testable O&M Service Company charges per customer to those of electric and combination electric/gas utilities that file FERC Form 60 – Annual Report of Service Companies.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

The Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to KAWC during the 12 months ended July 31, 2008. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged KAWC during the 12 months ended December 31, 2008, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, then Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 1 (page 11) details the assignment of 12 months ended July 31, 2008 management and professional Service Company charges by outsider provider category. Schedule 2 (page 12) shows the same assignment for Service Company management and professional hours charged to KAWC during the 12 months ended July 31, 2008.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2008 test period non-labor Service Company charges:

- Contract Services – 12 months ended July 31, 2008 Service Company charges to KAWC include over $383,000 in expenses associated with the use of outside professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended July 31, 2008 Service Company charges to KAWC are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 3 (page 13) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 1 and 2 and the excludable items shown in Schedule 3, the Service Company's equivalent costs per hour for the 12 months ended July 31, 2008 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total testable management & professional charges	$ 291,662	$ 2,209,038	$ 2,416,857	$ 806,585	$ 5,724,142
Less:					
Contract services	$ 9,655	$ 116,547	$ 232,727	$ 24,523	$ 383,452
Travel expenses	$ -	$ 22,123	$ 54,548	$ 20,286	$ 96,958
Computer hardware/software	$ 3,387	$ 56,059	$ 43,833	$ 46,985	$ 150,264
Net Service Charges (A)	$ 278,619	$ 2,014,309	$ 2,085,749	$ 714,791	$ 5,093,468
Total Hours (B)	3,599	9,514	26,141	8,870	48,123
Average Hourly Rate (A / B)	**$ 77**	**$ 212**	**$ 80**	**$ 81**	

Kentucky American Water Company
Analysis of 12 Months Ended July 31, 2008 Service Company Charges By Location And Function

		12 Months Ended July 31, 2008 Service Company Charges				
Location	Function	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 186,737	$ 186,737
Call Center	Human Resources		$ 33,855			$ 33,855
Corporate	Accounting			$ 336,339		$ 336,339
	Administration		$ 718,676			$ 718,676
	Audit			$ 48,650		$ 48,650
	Communications		$ 66,004			$ 66,004
	Engineering				$ 24,295	$ 24,295
	Finance			$ 137,954		$ 137,954
	Human Resources		$ 178,942			$ 178,942
	Legal	$ 67,808				$ 67,808
	Operations		$ 115,054		$ 189,616	$ 304,670
	Rates & Revenue			$ 16,035		$ 16,035
	Risk Management		$ 85,250			$ 85,250
	Water Quality				$ 49,779	$ 49,779
Regional Offices	Accounting			$ 25,276		$ 25,276
	Administration		$ 438,197			$ 438,197
	Communications		$ 95,236			$ 95,236
	Engineering				$ 95,059	$ 95,059
	Finance			$ 280,782		$ 280,782
	Human Resources		$ 193,549			$ 193,549
	Legal	$ 223,854				$ 223,854
	Operations		$ 118,985		$ 241,196	$ 360,181
	Risk Management		$ 39,935			$ 39,935
	Water Quality				$ 19,903	$ 19,903
Information Technology	Information Technology			$ 1,159,787		$ 1,159,787
Shared Services	Accounting			$ 342,329		$ 342,329
	Administration		$ 125,357			$ 125,357
	Finance			$ 43,125		$ 43,125
	Rates & Revenue			$ 26,580		$ 26,580
Total Dollars Charged		**$ 291,662**	**$ 2,209,038**	**$ 2,416,857**	**$ 806,585**	**$ 5,724,142**

Kentucky American Water Company
Analysis of 12 Months Ended July 31, 2008Service Company Hours By Location And Function

Location	Function	12 Months Ended July 31, 2008 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				2,185	2,185
Call Center	Human Resources		430			430
Corporate	Accounting			3,786		3,786
	Administration		175			175
	Audit			401		401
	Communications		412			412
	Engineering				153	153
	Finance			1,070		1,070
	Human Resources		1,770			1,770
	Legal	286				286
	Operations		551		1,861	2,412
	Rates & Revenue			90		90
	Risk Management		439			439
	Water Quality				695	695
Regional Offices	Accounting			397		397
	Administration		86			86
	Communications		1,299			1,299
	Engineering				1,138	1,138
	Finance			2,246		2,246
	Human Resources		2,313			2,313
	Legal	3,313				3,313
	Operations		1,119		2,604	3,723
	Risk Management		423			423
	Water Quality				234	234
Information Technology	Information Technology			9,358		9,358
Shared Services	Accounting			7,301		7,301
	Administration		499			499
	Finance			1,180		1,180
	Rates & Revenue			312		312
Total Hours Charged		**3,599**	**9,514**	**26,141**	**8,870**	**48,123**

Kentucky American Water Company
12 Months Ended July 31, 2008 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Accounting	$ 103,793	$ 1,612	$ 10,773	$ 116,178
Administration	$ 38,800	$ 36	$ 6,738	$ 45,573
Audit	$ 8,416	$ 27	$ 1,984	$ 10,427
Communications	$ 11,565	$ 143	$ 9,410	$ 21,119
Engineering	$ (339)	$ 169	$ 1,892	$ 1,722
Finance	$ 44,540	$ 276	$ 10,732	$ 55,547
Human Resources	$ 45,503	$ 2,998	$ 15,490	$ 63,990
Information Technology	$ 75,880	$ 52,634	$ 18,173	$ 146,686
Legal	$ 9,655		$ 3,387	$ 13,042
Operations	$ 16,214	$ 12,932	$ 53,636	$ 82,783
Rates & Revenue	$ 99		$ 2,171	$ 2,271
Risk Management	$ 19,739	$ 15,537	$ 8,828	$ 44,104
Water Quality	$ 9,588	$ 10,596	$ 7,048	$ 27,233
Total	**$ 383,452**	**$ 96,958**	**$ 150,264**	**$ 630,674**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 9,655	$ -	$ 3,387	$ 13,042
Management Consultant	$ 116,547	$ 22,123	$ 56,059	$ 194,730
Certified Public Accountant	$ 232,727	$ 54,548	$ 43,833	$ 331,108
Professional Engineer	$ 24,523	$ 20,286	$ 46,985	$ 91,794
Total	**$ 383,452**	**$ 96,958**	**$ 150,264**	**$ 630,674**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs below.

It should be noted that professionals working for 3 of the 4 outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among certified public accounting firms within Kentucky's regions, only more experienced staff are predominantly CPAs, as shown in the table below. Some employees of the Service Company also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

	Firm Size		
Position	Small	Medium	Large
Partners/Owners	97.8%	96.6%	98.1%
Directors (over 10 years experience)	na	72.7%	78.0%
Managers (6-10 years experience)	na	50.0%	91.9%
Sr Associates (4-5 years experience)	100.0%	20.0%	72.2%
Associates (1-3 years experience)	na	40.0%	31.4%
New Professionals	na	0.0%	15.0%

Attorneys

The Kentucky Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Kentucky attorneys. Therefore, an estimate of Kentucky attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 4, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Lexington, Kentucky. The survey includes rates that were in effect during 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2007 annual survey performed by the Association of Management Consulting Firms, an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2006 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey 2006 average rate was escalated to January 31, 2008—the midpoint of the 12 months ended July 31, 2008.

Certified Public Accountants

The average hourly rate for Kentucky certified public accountants was developed from a 2006 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in Kentucky's region. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to January 31, 2008, the midpoint of the 12 months ended July 31, 2008.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been used by KAWC in 2007 and 2008. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

Kentucky American Water Company
Estimated Billing Rates For Kentucky Attorneys Based On
Michigan Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)										
		Number	Billing Rate Range					Cost of Living	
	Michigan	Of Mich	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit	229	$ 170	$ 275	$ 260	$ 530	$ 309	86%	$ 361
Dykema	Detroit	222	$ 185	$ 390	$ 245	$ 625	$ 361	86%	$ 422
Butzel Long	Detroit	209	$ 165	$ 400	$ 220	$ 550	$ 334	86%	$ 390
Bodman LLP	Detroit	128	$ 125	$ 215	$ 210	$ 495	$ 261	86%	$ 305
Jaffe Raitt Heuer & Weiss, PC	Southfield	100	$ 165	$ 225	$ 225	$ 500	$ 279	98%	$ 285
Trott & Trott, PC	Bingham Farms	64	$ 170	$ 170	$ 235	$ 235	$ 203	127%	$ 160
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	98%	$ 304
Kemp, Klein, Umphrey, Edelman & May PC	Troy	36	$ 150	$ 190	$ 200	$ 340	$ 220	112%	$ 196
Pepper Hamilton LLP	Detroit	33	$ 200	$ 315	$ 340	$ 615	$ 368	86%	$ 430
Hertz, Schram & Saretsky, PC	Bloomfield Hills	29	$ 175	$ 260	$ 275	$ 400	$ 278	140%	$ 198
Strobl & Sharp, PC	Bloomfield Hills	28	$ 110	$ 210	$ 200	$ 300	$ 205	140%	$ 146
Kupelian Ormond & Magy, PC	Southfield	25	$ 165	$ 195	$ 235	$ 320	$ 229	98%	$ 234
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	25	$ 130	$ 250	$ 275	$ 495	$ 288	140%	$ 205
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	97%	$ 273
							Overall Average 2007 Billing Rate		$ 279

Note A: Source is Michigan Lawyers Weekly, April 2008
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Lexington, Ky. A number over 100% indicates the Michigan city's cost of living is higher than Lexington. A number less than 100% indicates Lexington's cost of living is higher.

Schedule 5

Kentucky American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2006 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 187	$ 235	$ 306	$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$187	$235	$306	$358	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 43	$ 56	$ 47	$ 31	$ 36	**$ 212**

Escalation to Midpoint of July 31, 2008 Test Period (Note B)

CPI at December 31, 2006	201.8
CPI at January 31, 2008	211.1
Inflation/Escalation	4.6%
Average Hourly Billing Rate For Management Consultants At January 31, 2008	**$ 222**

Note A: source: "Operating Ratios For Management Consulting Firms, 2007 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

Kentucky American Water Company
Billing Rates Of Kentucky Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 65	$ 77	$ 112	$ 150

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 65	$ 77	$ 112	$ 150	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 20	$ 23	$ 22	$ 30	**$ 95**

CPI at December 31, 2005	196.8
CPI at January 31, 2008	211.1
Inflation/Escalation	7.3%
Average Hourly Billing Rate For CPAs At January 31, 2008	**$ 102**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

Kentucky American Water Company
Billing Rates Of Kentucky Engineers

Note: Billing rates were those in effect in 2007 and 2008

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$73	$85	$136	$175
Firm #2	$76	$84	$134	$164
Firm #3	$80	$102	$162	$207
Firm #4	$60	$80	$127	$162
Firm #5	$70	$73	$112	$160
Firm #6	$55	$86	$139	$190

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$69	$85	$135	$176	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$21	$30	$34	$18	**$102**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended July 31, 2008		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 77	$ 279	$ (202)
Management Consultant	$ 212	$ 222	$ (10)
Certified Public Accountant	$ 80	$ 102	$ (22)
Professional Engineer	$ 81	$ 102	$ (21)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to KAWC during the 12-months ended July 31, 2008, outside service providers would have cost $1,595,514 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are 28% higher than those of the Service Company ($1,595,514 / $5,724,142).

	12 Months Ended July 31, 2008		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (202)	3,599	$ (726,242)
Management Consultant	$ (10)	9,514	$ (98,587)
Certified Public Accountant	$ (22)	26,141	$ (583,251)
Professional Engineer	$ (21)	8,870	$ (187,433)
Service Company Less Than Outside Providers			$ (1,595,514)

If KAWC were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 48,123 hours of work (around 32 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing KAWC management team. Thus, it would be necessary for KAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individual that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $149,400 per year to KAWC's personnel expenses.

Cost of Adding a Professional Position To KAWC's Staff

	Total
New Position's Salary	$ 100,000
Benefits (49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Total Cost of Full Time Position	$ 149,400

Thus, the total effect on the ratepayers of KAWC of contracting all services now provided by the Service Company would be an increase in their costs of $1,744,914 ($1,595,514 + $149,400). Based on the results of this comparison, it is possible to conclude that the Service Company

charged KAWC at the lower of cost or market for services provided during the 12 months ended July 31, 2008.

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for KAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, KAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from the FERC Form 1 that each must file. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 8 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Kentucky American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Kentucky American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 shows amounts for accounts 903 and 905.

Kentucky	• Duke Energy – Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Wheeling Power	
Virginia	• Appalachian Power	• Virginia Electric Power
Ohio	• Cleveland Electric • Columbus Southern Power • Dayton Power & Light • Duke Energy – Ohio	• Ohio Edison • Ohio Power • Toledo Edison
Missouri	• Aquila • Kansas City Power & Light	• Union Electric
Indiana	• Duke Energy – Indiana • Indiana Michigan Power	• Indianapolis Power & Light • NIPSCo
Illinois	• Central Illinois Light • Central Illinois Public Service • Commonwealth Edison	• Illinois Power • Interstate Power & Light • MidAmerica Energy
Tennessee	• Kingsport Power	

Comparison Approach

The basis for this comparison is customer account services expenses per customer. KAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, KAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

KAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to KAWC. It was necessary to adjust the National Call Center call handling charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.33 calls per customer. Thus, National Call Center call handling charges had to be increased for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, KAWC's adjusted annual expense per customer is $28.07—the number that can be compared to neighboring electric utilities' expenses. KAWC's 12 months ended July 31, 2008 unadjusted annual expense per customer is $23.22.

Kentucky-American Cost Per Customer		Year Ended 7/31/2008 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Cost Component					
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 1,648,336	$ 567,707	$ 2,216,043	
Regional Offices		$ 180,491		$ 180,491	
Operating Company	Customer payment processing			$ 166,689	Note B
Operating Company	Postage & forms			$ 724,532	
			Cost Pool Total	$ 3,287,755	
			Total Customers	117,119	
	12 Months Ended July 31, 2008 Cost Per KAWC Customer			**$ 28.07**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Call handling expenses		$ 643,808
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.33	
Percent different	88%	88%
Total Adjustment		$ 567,707

Note B: Estimated customer payment processing expenses

Number of customers	117,119
Number of payments/customer/year	12
Total payments processed/year	1,405,428
Bank charge per item	$ 0.1186
Total estimated annual expense	$ 166,689

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary Of Results

As shown in the table below, KAWC's cost per customer is close to the average of the neighboring electric utility comparison group. It can therefore be concluded that KAWC's 12 months ended July 31, 2008 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to KAWC are reasonable compared to those of other utilities.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	13.71
Interstate Power & Light	$	15.86
Virginia Electric Power	$	15.89
Ohio Edison	$	19.04
Dayton Power & Light	$	19.15
Illinois Power	$	19.83
Indianapolis Power & Light	$	20.62
Cleveland Electric Illuminating	$	21.33
Union Electric	$	23.46
Aquila	$	23.72
Kansas City Power & Light	$	25.09
Toledo Edison	$	25.77
Kentucky Utilities	$	25.91
Central Illinois Public Service	$	26.50
MidAmerican Energy	$	27.50
Comparison Group Average	**$**	**27.99**
Kentucky American Water	**$**	**28.07**
Wheeling Power	$	28.08
Northern Indiana Public Serice	$	28.32
Indiana Michigan Power	$	31.74
Duke Energy Indiana	$	32.14
Kingsport Power	$	32.31
Central Illinois Light	$	34.22
Duke Energy Kentucky	$	34.88
Appalachian Power	$	34.99
Ohio Power	$	35.00
Duke Energy Ohio	$	36.10
Kentucky Power	$	37.59
Columbus & Southern Power	$	38.57
Commonwealth Edison	$	39.81

It should be noted that comparison group per customer costs at the low end are unusually low given the nature of Customer Accounts expenses. For instance, the annual cost of forms and postage alone is around $6.20 per customer for KAWC. It would be expected that this cost would be the same for every utility in the comparison group because all likely mail customer bills monthly. Thus, for a low-end cost utility like Louisville Gas & Electric, that leaves only $7.51 ($13.71-$6.20) to cover labor and information technology expenses that Customer Accounts services require. It is possible that the very low end cost utilities record the cost of supporting their customer information systems to an A&G FERC account rather than to a Customer Accounts FERC account (903).

Kentucky American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Kentucky				West Virginia	Virginia	
		Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Wheeling Power	Appalachian Power	Virginia Electric Power
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565	$ 1,083,477	$ 31,314,061	$ 32,253,336
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 75,852	$ 2,888	$ 173,641	$ 215,534	$ 1,480	$ 18,238	$ -
Subtotal		$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099	$ 1,084,957	$ 31,332,299	$ 32,253,336
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390	$ 55,868	$ 1,429,385	$ 3,831,664
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 264,982	$ 111,009	$ 230,888	$ 94,002	$ 19,665	$ 534,319	$ 1,451,975
Total Cost Pool		**$ 4,668,963**	**$ 6,605,240**	**$ 13,824,490**	**$ 5,494,491**	**$ 1,160,489**	**$ 33,296,003**	**$ 37,536,975**
Total Customers (page 304, line 43)		133,868	175,705	533,512	400,703	41,332	951,693	2,362,318
Customer Account Services Expense per Customer		**$ 34.88**	**$ 37.59**	**$ 25.91**	**$ 13.71**	**$ 28.08**	**$ 34.99**	**$ 15.89**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 9,725,767	$ 4,466,809	$ 22,618,725	$ 20,138,689	$ 369,460	$ 21,499,955	$ 120,865,073
Total O&M Payroll (page 355, line 65)		$ 31,182,162	$ 22,664,819	$ 39,257,367	$ 45,624,056	$ 1,699,949	$ 105,057,647	$ 598,702,458
Benefits as Percent of Payroll		31.2%	19.7%	57.6%	44.1%	21.7%	20.5%	20.2%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 1,323,882	$ 1,702,053	$ 4,110,913	$ 960,068	$ 357,852	$ 8,227,618	$ 25,945,148
Gas (page 354, line 37)		$ 3,112,805			$ 771,056			
Total Payroll Charged to Customer Accounts		$ 4,436,687	$ 1,702,053	$ 4,110,913	$ 1,731,124	$ 357,852	$ 8,227,618	$ 25,945,148
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565	$ 1,083,477	$ 31,314,061	$ 32,253,336
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 75,852	$ 2,888	$ 173,641	$ 215,534	$ 1,480	$ 18,238	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099	$ 1,084,957	$ 31,332,299	$ 32,253,336
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 933,492	$ 1,073,679	$ 4,292,201	$ 1,986,061	$ 425,426	$ 5,576,254	$ 11,835,960
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 4,257,103	$ 7,281,927	$ 16,146,857	$ 6,844,160	$ 1,510,383	$ 36,908,553	$ 44,089,296
Percent Applicable to Customer Accounts Services (903 and 905)		78.1%	85.3%	73.4%	71.0%	71.8%	84.9%	73.2%
Customer Account Services Portion of Total Payroll		$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781	$ 257,057	$ 6,984,565	$ 18,980,062
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390	$ 55,868	$ 1,429,385	$ 3,831,664
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781	$ 257,057	$ 6,984,565	$ 18,980,062
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 264,982	$ 111,009	$ 230,888	$ 94,002	$ 19,665	$ 534,319	$ 1,451,975

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Kentucky American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Duke Energy - Ohio	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,571,985	$ 27,013,658	$ 8,528,580	$ 18,251,514	$ 20,280,096	$ 23,346,691	$ 6,786,566
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 493,177	$ 30,647	$ -	$ 7,279	$ 507,437	$ 36,717	$ 156,298
Subtotal		$ 15,065,162	$ 27,044,305	$ 8,528,580	$ 18,258,793	$ 20,787,533	$ 23,383,408	$ 6,942,864
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 836,948	$ 1,264,559	$ 991,292	$ 5,237,196	$ (1,424,285)	$ 1,098,295	$ 982,446
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 274,236	$ 428,016	$ 333,191	$ 1,290,860	$ 450,184	$ 418,833	$ 150,795
Total Cost Pool		**$ 16,176,347**	**$ 28,736,880**	**$ 9,853,063**	**$ 24,786,849**	**$ 19,813,432**	**$ 24,900,536**	**$ 8,076,105**
Total Customers (page 304, line 43)		758,319	745,133	514,405	686,578	1,040,662	711,406	313,413
Customer Account Services Expense per Customer		**$ 21.33**	**$ 38.57**	**$ 19.15**	**$ 36.10**	**$ 19.04**	**$ 35.00**	**$ 25.77**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,650,920	$ 11,597,859	$ 18,464,446	$ 52,482,158	$ (11,505,519)	$ 22,732,455	$ 7,749,820
Total O&M Payroll (page 355, line 65)		$ 32,770,179	$ 51,314,234	$ 81,127,271	$ 169,094,889	$ 47,537,720	$ 113,320,078	$ 15,549,239
Benefits as Percent of Payroll		23.3%	22.6%	22.8%	31.0%	-24.2%	20.1%	49.8%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 4,890,691	$ 6,589,685	$ 6,193,463	$ 8,774,665	$ 8,447,511	$ 6,727,321	$ 2,640,178
Gas (page 354, line 37)					$ 13,561,352			
Total Payroll Charged to Customer Accounts		$ 4,890,691	$ 6,589,685	$ 6,193,463	$ 22,336,017	$ 8,447,511	$ 6,727,321	$ 2,640,178
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,571,985	$ 27,013,658	$ 8,528,580	$ 18,251,514	$ 20,280,096	$ 23,346,691	$ 6,786,566
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 493,177	$ 30,647	$ -	$ 7,279	$ 507,437	$ 36,717	$ 156,298
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 15,065,162	$ 27,044,305	$ 8,528,580	$ 18,258,793	$ 20,787,533	$ 23,383,408	$ 6,942,864
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,488,077	$ 4,808,046	$ 3,599,111	$ 5,910,289	$ 9,052,734	$ 5,348,894	$ 2,356,336
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 20,553,239	$ 31,852,351	$ 12,127,691	$ 24,169,082	$ 29,840,267	$ 28,732,302	$ 9,299,200
Percent Applicable to Customer Accounts Services (903 and 905)		73.3%	84.9%	70.3%	75.5%	69.7%	81.4%	74.7%
Customer Account Services Portion of Total Payroll		$ 3,584,790	$ 5,594,986	$ 4,355,441	$ 16,873,984	$ 5,884,763	$ 5,474,942	$ 1,971,180
Pension & Benefits Pertaining to Customer Accounts Services		$ 836,948	$ 1,264,559	$ 991,292	$ 5,237,196	$ (1,424,285)	$ 1,098,295	$ 982,446
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,584,790	$ 5,594,986	$ 4,355,441	$ 16,873,984	$ 5,884,763	$ 5,474,942	$ 1,971,180
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 274,236	$ 428,016	$ 333,191	$ 1,290,860	$ 450,184	$ 418,833	$ 150,795

Kentucky American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Missouri			Indiana			
		Aquila	Kansas City Power & Light	Union Electric	Duke Energy Indiana	Indiana Mich Power	Indianapolis Power & Light	NIPSCo
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,864,226	$ 10,445,176	$ 23,559,069	$ 20,424,866	$ 17,077,474	$ 7,808,040	$ 7,640,560
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 3,970	$ 6,055	$ 393,593	$ 71,323	$ 101,472	$ 67,688	$ 148,310
Subtotal		$ 7,868,196	$ 10,451,231	$ 23,952,662	$ 20,496,189	$ 17,178,946	$ 7,875,728	$ 7,788,870
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,740,462	$ 2,054,257	$ 2,890,852	$ 3,670,837	$ 927,402	$ 1,466,355	$ 3,921,459
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 531,626	$ 393,973	$ 833,653	$ 710,258	$ 360,378	$ 306,353	$ 1,159,163
Total Cost Pool		**$ 11,140,285**	**$ 12,899,461**	**$ 27,677,167**	**$ 24,877,285**	**$ 18,466,726**	**$ 9,648,436**	**$ 12,869,492**
Total Customers (page 304, line 43)		469,707	514,210	1,179,789	773,954	581,882	467,864	454,471
Customer Account Services Expense per Customer		**$ 23.72**	**$ 25.09**	**$ 23.46**	**$ 32.14**	**$ 31.74**	**$ 20.62**	**$ 28.32**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 36,497,609	$ 60,859,546	$ 84,255,317	$ 64,187,707	$ 31,214,137	$ 35,834,278	$ 29,700,994
Total O&M Payroll (page 355, line 65)		$ 92,551,964	$ 152,573,359	$ 317,610,780	$ 162,345,980	$ 158,555,087	$ 97,863,363	$ 114,764,234
Benefits as Percent of Payroll		39.4%	39.9%	26.5%	39.5%	19.7%	36.6%	25.9%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 6,278,707	$ 6,966,789	$ 15,228,065	$ 12,278,547	$ 5,707,798	$ 6,869,864	$ 7,923,830
Gas (page 354, line 37)		$ 4,539,711		$ 3,584,281				$ 12,737,067
Total Payroll Charged to Customer Accounts		$ 10,818,418	$ 6,966,789	$ 18,812,346	$ 12,278,547	$ 5,707,798	$ 6,869,864	$ 20,660,897
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,864,226	$ 10,445,176	$ 23,559,069	$ 20,424,866	$ 17,077,474	$ 7,808,040	$ 7,640,560
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 3,970	$ 6,055	$ 393,593	$ 71,323	$ 101,472	$ 67,688	$ 148,310
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 7,868,196	$ 10,451,231	$ 23,952,662	$ 20,496,189	$ 17,178,946	$ 7,875,728	$ 7,788,870
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,380,613	$ 3,687,007	$ 17,397,091	$ 6,609,800	$ 3,635,670	$ 5,634,982	$ 2,831,519
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 12,248,809	$ 14,138,238	$ 41,349,753	$ 27,105,989	$ 20,814,616	$ 13,510,710	$ 10,620,389
Percent Applicable to Customer Accounts Services (903 and 905)		64.2%	73.9%	57.9%	75.6%	82.5%	58.3%	73.3%
Customer Account Services Portion of Total Payroll		$ 6,949,364	$ 5,149,971	$ 10,897,423	$ 9,284,421	$ 4,710,822	$ 4,004,614	$ 15,152,462
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,740,462	$ 2,054,257	$ 2,890,852	$ 3,670,837	$ 927,402	$ 1,466,355	$ 3,921,459
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 6,949,364	$ 5,149,971	$ 10,897,423	$ 9,284,421	$ 4,710,822	$ 4,004,614	$ 15,152,462
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 531,626	$ 393,973	$ 833,653	$ 710,258	$ 360,378	$ 306,353	$ 1,159,163

Kentucky American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Illinois						Tennessee	
		Central Illinois Light	Central Illinois Pub Service	Commonwealth Edison	Illinois Power	Interstate Power & Light	MidAmerica Energy	Kingsport Power	
Customer Account Services Cost Pool									
FERC Account Balances:									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,596,991	$ 8,716,470	$ 120,610,588	$ 10,989,619	$ 6,841,367	$ 14,254,909	$ 1,473,454	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 223,985	$ 302,592		$ 568,738	$ 28,667	$ 309,674	$ 401	
Subtotal		$ 5,820,976	$ 9,019,062	$ 120,610,588	$ 11,558,357	$ 6,870,034	$ 14,564,583	$ 1,473,855	
Add: Employee Benefits & Employer FICA (not included in above amounts)									
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,037,533	$ 812,658	$ 25,649,317	$ 69,710	$ 1,133,450	$ 3,583,729	$ 44,764	
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 334,233	$ 442,805	$ 5,100,185	$ 541,271	$ 372,012	$ 1,552,522	$ 20,029	**Group Average**
Total Cost Pool		**$ 7,192,743**	**$ 10,274,525**	**$ 151,360,089**	**$ 12,169,339**	**$ 8,375,496**	**$ 19,700,834**	**$ 1,538,648**	**$ 563,120,389**
Total Customers (page 304, line 43)		210,178	387,776	3,802,140	613,536	528,093	716,315	47,624	20,116,586
Customer Account Services Expense per Customer		**$ 34.22**	**$ 26.50**	**$ 39.81**	**$ 19.83**	**$ 15.86**	**$ 27.50**	**$ 32.31**	**$ 27.99**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt									
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 8,354,060	$ 8,570,858	$ 115,712,143	$ 870,134	$ 23,724,694	$ 38,097,558	$ 234,574	
Total O&M Payroll (page 355, line 65)		$ 35,179,031	$ 61,047,440	$ 300,765,220	$ 88,316,487	$ 101,787,427	$ 215,743,804	$ 1,371,988	
Benefits as Percent of Payroll		23.7%	14.0%	38.5%	1.0%	23.3%	17.7%	17.1%	
Payroll Applicable to Customer Account Services									
Total Payroll Charged to Customer Accounts Function									
Electric (page 354, line 7)		$ 3,140,575	$ 5,666,365	$ 85,366,508	$ 7,085,972	$ 6,582,592	$ 16,414,627	$ 297,440	
Gas (page 354, line 37)		$ 2,647,376	$ 2,677,418		$ 4,384,260	$ 2,494,279	$ 14,720,361		
Total Payroll Charged to Customer Accounts		$ 5,787,951	$ 8,343,783	$ 85,366,508	$ 11,470,232	$ 9,076,871	$ 31,134,988	$ 297,440	
Percent Applicable to Customer Accounts Services (903 and 905):									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,596,991	$ 8,716,470	$ 120,610,588	$ 10,989,619	$ 6,841,367	$ 14,254,909	$ 1,473,454	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 223,985	$ 302,592	$ -	$ 568,738	$ 28,667	$ 309,674	$ 401	
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 5,820,976	$ 9,019,062	$ 120,610,588	$ 11,558,357	$ 6,870,034	$ 14,564,583	$ 1,473,855	
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 1,890,408	$ 3,981,834	$ 33,825,388	$ 7,179,283	$ 5,953,252	$ 7,779,904	$ 200,527	
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 7,711,384	$ 13,000,896	$ 154,435,976	$ 18,737,640	$ 12,823,286	$ 22,344,487	$ 1,674,382	
Percent Applicable to Customer Accounts Services (903 and 905)		75.5%	69.4%	78.1%	61.7%	53.6%	65.2%	88.0%	
Customer Account Services Portion of Total Payroll		$ 4,369,063	$ 5,788,301	$ 66,669,082	$ 7,075,439	$ 4,862,904	$ 20,294,407	$ 261,818	
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,037,533	$ 812,658	$ 25,649,317	$ 69,710	$ 1,133,450	$ 3,583,729	$ 44,764	
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services									
Customer Account Services Portion of Total Payroll		$ 4,369,063	$ 5,788,301	$ 66,669,082	$ 7,075,439	$ 4,862,904	$ 20,294,407	$ 261,818	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA		$ 334,233	$ 442,805	$ 5,100,185	$ 541,271	$ 372,012	$ 1,552,522	$ 20,029	

VI - Need For Service Company Services

Analysis Of Services

The third aspect of this study was an assessment of whether the services that are provided to KAWC by the Service Company would be necessary if KAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for KAWC. Based on Baryenbruch & Company, LLC's experience working with the Service Company and information from Service Company personnel, the matrix in Schedule 10 was created showing which entity—KAWC or a Service Company location—is responsible for each of the functions KAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	P				S		
Five-Year System Planning	P				S		
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	P				S		
Special Projects	P				S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P				S		
Special Projects	P				S		
Minor Projects	P						
Hydraulics Review	P				S		
Developers Extensions	P						
Tank Painting	P						
Water Quality and Purification							
Water Quality Standards Development			S		S		P
Research Studies	S				S		P
Water Quality Program Implementation	P				S		
Water Treatment Operations & Maintenance	P				S		
Compliance Tracking and Chemical Testing	P						S
Sample Collection and Other Testing	S				S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S					
Customer Credit		P					
Meter Reading	P					S	
Customer Bill Preparation		S				P	
Bill Collection	S	P				S	
Customer Payment Processing	S			P			
Meter Standards Development	S				P		
Meter Testing, Maintenance & Replacement	P						

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P		S		
Financings—Equity	S		P		S		
Financings--Long Term Debt & Preferred (A)	S		P				
Short Term Lines of Credit Arrangements (A)	S				P		
Investor Relations			S		P		
Insurance Program Administration	S				P		
Loss Control/Safety Program Administration	P				S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	P		S				
O&M	P		S				
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges	S	S	P	S	S	S	S
Capital Budget Preparation—Projects	P						
Capital Budget Preparation—Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P						
Prepare Capital Project Budget Status Report	P						
Year-End Projections (A)	P						
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation--Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	S		P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	P		S				
Labor Negotiations--Wages	P		S				
Labor Negotiations--Benefits					P		
Labor Negotiations--Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	P						
Affirmative Action/EEO--Plan Development	P						
Affirmative Action/EEO--Implementation	P						
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration			P			S	
PC Acquisition & Support			P			S	
Help Desk			S			P	

Governance Practices Associated With Service Company Charges

There are several ways by which KAWC exercises control over Service Company services and charges. The most important of these are described below.

- **President of Regulated Operations Oversight** – The President of Regulated Operations is on the Executive Management Team (EMT) of American Water. This position is responsible for the overall performance of each operating company in American Water. As part of the EMT, the President of Regulated Operations has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The President of Regulated Operations also has dialogue with each operating company president to address local concerns.

- **Regional Vice President & Treasurer** – The Regional Vice President and Treasurer of the southeast states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The Vice President and Treasurer monitors the performance and reporting from the Service Company and follows up on instances where the quality and timeliness of services are not as expected. The operating company interacts with the Regional VP & Treasurer to discuss any concerns with billings, etc.

- **Operating Company Board Oversight** – KAWC board of directors includes members of American Water's EMT, members of the regional management team and business and community leaders from outside the Company. KAWC's president is Chairman of the KAWC board. This helps ensure that KAWC's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – The President of Regulated Operations sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. KAWC's president also sits on the Service Company board.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the President of Regulated Operations. With input from the local presidents and Regional Vice President & Treasurer, they have the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Southeast Region Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. KAWC's financial analyst has dialogue with regional office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The Southeast Region Finance unit prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Regional" and "Corporate" Management Fees.

- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:

  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at two levels for all American Water companies, including all KAWC Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of KAWC, VP Finance, and others participate as necessary (e.g. KAWC operations managers and Rates Manager) and provide the data used in the monthly review schedules.

VII – Other Comparative Measures Of Reasonableness Of Service Company Charges

KAWC's Service Company Cost Per Customer

During the 12 months ended July 31, 2008, KAWC was charged $60 per customer in O&M expenses by the Service Company. As shown in the table below, this calculation is based on net testable O&M, which eliminates certain O&M items for which KAWC has not requested cost recovery.

	12 Months Ended July 31, 2008
Net Testable Service Company O&M Expenses	$ 7,064,978
KAWC American Customers (12/31/07)	117,119
KAWC American Cost Per Customer	$ 60

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

Twenty-three utility holding companies filed a Form 60 for 2007. All but two were included in the comparison group. The service company for PNM Resources, Inc. was excluded because its 2007 service company cost per regulated utility customer was clearly an anomaly as a negative number. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies did not provide numbers for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

Schedule 11 compares the services provided by American Water's Service Company to the services provided by comparison group service companies. In general, the types of services provided by American Water's Service Company are similar to those provided by comparison group service companies.

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (p. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (e.g., accounting, information technology) and type of cost (e.g., labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in American Water Service Company's 2007 charges to KAWC:

- All electric- and gas-specific services
- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411) and investment tax credit (account 411.5).
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430) and other interest expense (account 431)

Comparison group service company 2007 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

Schedule 12 shows KAWC's 12 months ended July 31, 2008 Service Company cost per customer of $60 to be considerably lower than the average of $121 per customer for the comparison group service companies. Only 3 of 21 comparison group service companies had a lower 2007 cost per customer than KAWC. These results further support the conclusion that the Service Company's 2007 charges to KAWC were reasonable.

Kentucky American Water Company
Analysis of Service Company Services

Service Category	American Water	AEP	Allegheny	Alliant	Ameren	Black Hills	Dominion	Energy East	Entergy	E-On	Exelon	First Energy	Great Plains	KeySpan	NiSource	Northeast	PHI	Progress	SCANA	Southern Co	Unitil	Xcel
Accounting	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X			X	X
Audit Services	X	X	X	X		X	X	X		X		X	X	X	X			X		X		X
Corporate Planning	X	X	X		X	X	X			X		X		X	X	X		X	X			X
Customer Service	X	X	X	X		X	X			X	X	X		X	X	X	X		X		X	X
Engineering	X	X		X										X	X					X	X	X
Environmental		X		X	X	X	X			X		X		X	X		X		X	X		
Executive	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X
External Affairs	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Facilities Management				X							X	X		X					X			X
Finance	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Human Resources	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Information Technology	X	X	X	X	X	X	X	X	X	X	X	X		X	X		X	X	X	X	X	X
Investor Relations	X	X		X		X	X					X			X			X	X			X
Legal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Operations	X													X	X							
Regulatory Services	X	X	X	X	X	X	X	X		X	X	X		X	X			X	X		X	X
Risk Management	X	X	X			X	X	X		X		X		X	X							X
Security			X							X	X											
Service Co Overhead		X			X	X	X			X	X		X	X	X		X					
Shared Services	X	X			X	X	X			X	X			X	X	X		X				
Supply Chain	X	X	X	X	X		X	X		X	X	X		X	X		X		X	X		X
Transportation Services				X						X												X
Treasury	X		X		X		X			X		X		X	X			X				
Total Services	18	18	15	16	14	16	17	11	6	19	14	17	8	20	20	8	10	13	13	10	7	17

TN-COC-01-Q36-ATTACHMENT 1
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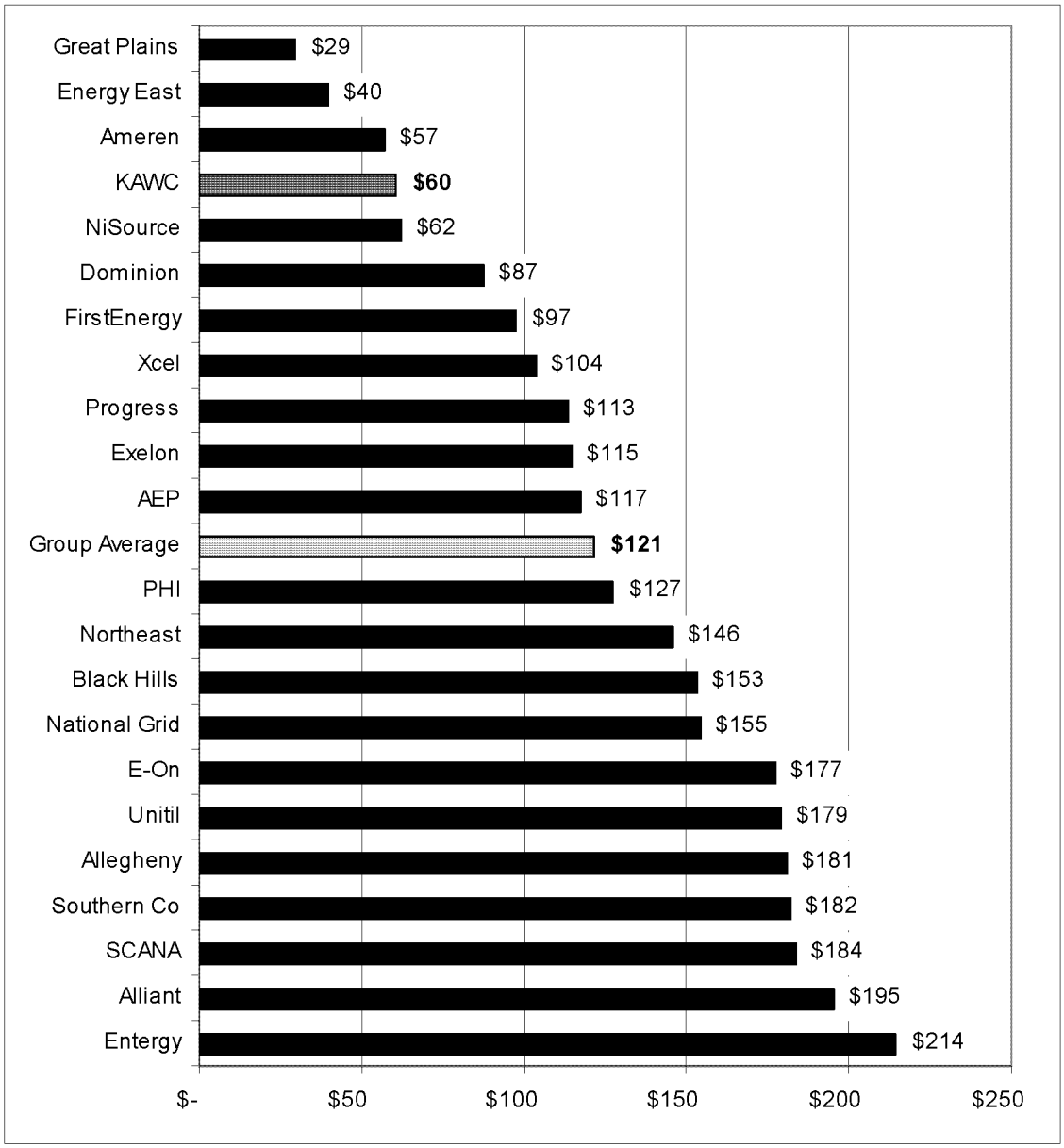
Great Plains $29
Energy East $40
Ameren $57
KAWC $60
NiSource $62
Dominion $87
FirstEnergy $97
Xcel $104
Progress $113
Exelon $115
AEP $117
Group Average $121
PHI $127
Northeast $146
Black Hills $153
National Grid $155
E-On $177
Unitil $179
Allegheny $181
Southern Co $182
SCANA $184
Alliant $195
Entergy $214
$-
$50
$100
$150
$200
$250

WITNESS: P.BARYENBRUCH

KENTUCKY AMERICAN WATER COMPANY

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during the 12 months ended July 31, 2008 to Kentucky American Water (KAWC). This study was undertaken in conjunction with KAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to Kentucky American Water Company ("KAWC"), each of which bears on the reasonableness of those charges as incurred during the 12 months ended July 31, 2008. First, was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during 12 months ended July 31, 2008? Second, was the 12 months ended July 31, 2008 cost of the Service Company's customer account services, including those of the National Call Centers, reasonable? Third, are the services KAWC receives from Service Company necessary? Fourth, were the Service Company's charges to KAWC

during the 12 months ended July 31, 2008 comparable to other utility service companies?

6. Q. **What conclusions were you able to draw concerning question number 1, whether KAWC was charged the lower of cost or market services provided by the Service Company?**

A. I was able to draw the following conclusions:

(1) KAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended July 31, 2008.

(2) On average, the hourly rates for outside service providers are 28% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended July 31, 2008, KAWC and its ratepayers would have incurred an **additional $1.7 million** in expenses. This amount includes the higher cost of outside providers and the cost of a KAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service

Company managerial and professional personnel, on the other hand, charge a maximum 8 hours per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.7 million cited above.

(6) It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

7. Q. **What conclusions were you able to draw concerning question number 2, whether the 12 months ended July 31, 2008 costs of the Service Company's customer account services, including those of the National Call Centers, were reasonable?**

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is close to the average of the neighboring electric utility comparison group**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of KAWC. During the 12-months ended July 31, 2008, the customer accounts cost for KAWC customers was $28.07 compared to the 2007 average of $27.99 for neighboring electric utilities. The highest comparison group per customer cost was $39.81 and the lowest $13.71.

9. Q. What conclusions were you able to draw concerning question number 3, whether the services KAWC receives from the Service Company are necessary?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to KAWC.

10. Q. What conclusions were you able to draw concerning question number 4, whether the Service Company charges to KAWC were comparable to other utility service companies?

A. I was able to draw the following conclusions:

(1) The Service Company provides KAWC with services similar to those provided by other utility service companies. This determination was based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

(2) The Service Company's 12 months ended July 31, 2008 cost per KAWC customer was reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 2008 test period, KAWC was charged an average of $60 per customer by the Service Company compared to an average of $121 per customer for service companies reporting to the FERC.

10. Q. Does this complete your testimony?

A. Yes.

Market Cost Comparison of Service Company Charges to Kentucky American Water Company

12-Months Ended September 30, 2009

Baryenbruch & Company, LLC

Kentucky American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended September 30, 2009

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I – Introduction

Purpose of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Kentucky American Water Company (KAWC):

1. Were the Service Company's charges to KAWC during the 12 months ended September 30, 2009 reasonable?

2. Was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009?

3. Were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services KAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusion was reached:

- The Service Company's 12 months ended September 30, 2009 cost per KAWC customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended September 30, 2009, KAWC was charged $55 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than KAWC's charges from the Service Company.

Concerning question 2, the following conclusions were drawn from this study:

- KAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2009.

- On average, the hourly rates for outside service providers are 21% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended September 30, 2009, KAWC and its ratepayers would have incurred more than $1,500,000 in additional expenses. This amount includes the higher cost of outside providers and the cost of one KAWC positions needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill

for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1,500,000 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $70,000 in additional charges from outside providers.

- It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

Concerning question 3, the following conclusion was reached:

- The cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and KAWC. During the 12-months ended September 30, 2009, the customer accounts cost for KAWC customers was $28.35 compared to the 2008 average of $27.07 for neighboring electric utilities. The highest comparison group per customer cost was $39.29 and the lowest $15.67.

Concerning question 4, the following conclusions were drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- Furthermore, there is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Exhibit 11, there was only one entity primarily responsible for the service.

II – Background

Overview of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding their own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like KAWC, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of KAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering, operations and field resource coordination.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial

services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company
- Formula number
- Work order (where applicable)
- Authorization number (where applicable)

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

II – Background

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Formula number (this is linked to operating company within American Water's financial system)
- Employee hours worked
- Account number for non-labor charges

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times his/her hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Eastern Region's professional labor is assigned to KAWC during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Eastern Region's accumulated professional and support labor is charged to KAWC during the month, then 20% of that month's overhead expenses will be assigned to KAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to KAWC, then 2% of that office's office expenses would be assigned to KAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended September 30, 2009, the Service Company billed KAWC $7,892,467 in O&M-related charges and $891,627 in capital-related charges. Included in the O&M amount are certain non-recurring expenses which are excluded from this market study. As calculated in the table below, net testable Service Company charges of $8,798,773 were subjected to a market cost comparison.

	12 Months Ended September 30, 2009
Mgmt Fee Expense (O&M)	$ 7,892,467
Add(Subtract): Non-Recurring Items	
Sarbanes-Oxley	$ 14,679
Net O&M Expenses	$ 7,907,146
Mgmt Fees - Capital	$ 891,627
Total Testable AWWSC Charges	**$ 8,798,773**

For purposes of comparing these charges to certain outside benchmarks, Service Company services were placed into three categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology and engineering.
- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.
- Field Resource Coordination Services – Includes the dispatching and oversight of work to operating company field crews.

Total test period Service Company charges break down between management/professional services, customer account services and field resource coordination as follows:

	12 Months Ended Sep 30, 2009	
	Amount	Hours
Management and Professional Services	$ 6,816,711	52,690
Customer Account Services	$ 1,728,850	47,924
Field Resource Coordination	$ 253,212	5,049
Total Service Company Charges	**$ 8,798,773**	**105,663**

This study's first question—whether Service Company 12 months ended September 30, 2009 charges were reasonable—was determined by comparing KAWC's A&G-related Service Company charges per customer to the same charges for utility companies that must file the FERC Form 60 – Annual Report of Service Companies.

The second question—whether Service Company charges during the 12 months ended September 3, 2009 were at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to KAWC during the 12 months ended September 30, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

III – Service Company Cost Comparison Approach

The third question—whether Service Company's 12 months ended September 30, 2009 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing KAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The fourth question—the necessity of Service Company services—was investigated by defining the services provided to KAWC and determining if these services would be required if KAWC were a stand-alone utility.

KAWC's Service Company Cost per Customer

During the 12 months ended September 30, 2009, KAWC was charged $55 per customer by the Service Company for A&G/O&M-related services. The calculation of this amount, shown in the table below, starts with total net testable Service Company charges and adjusts for capital and non-A&G functions (engineering, operations and water quality) charges. These adjustments are necessary to develop a per customer cost that is comparable to cost of utility service companies.

	12 Months ended Sep 30, 2009 AWWSC Charges
Testable Service Company charges	$ 8,798,773
Less: Capital charges	$ (891,627)
Less: Non-A&G function O&M charges	
Engineering	$ (11,031)
Operations	$ (1,073,526)
Water Quality	$ (260,216)
Net A&G/O&M-related charges	$ 6,562,374
KAWC customers	118,279
KAWC Cost Per Customer	**$ 55**

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

For 2008, a Form 60 was filed by 24 utility service companies, all of which serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to those of American Water Works Service Company, it was necessary to isolate expenses that that they have in common. These include A&G/O&M-related charges associated with the following FERC accounts:

901 – Supervision	921 – Office supplies and expenses
903 – Customer records and collection expenses	923 – Outside services employed
905 – Miscellaneous customer accounts expenses	926 – Employee pensions and benefits
907 – Supervision	928 – Regulatory commission expenses
910 – Misc customer service and info expenses	930.2 – Miscellaneous general expenses
911 – Supervision	931 – Rents
920 - Administrative and general salaries	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

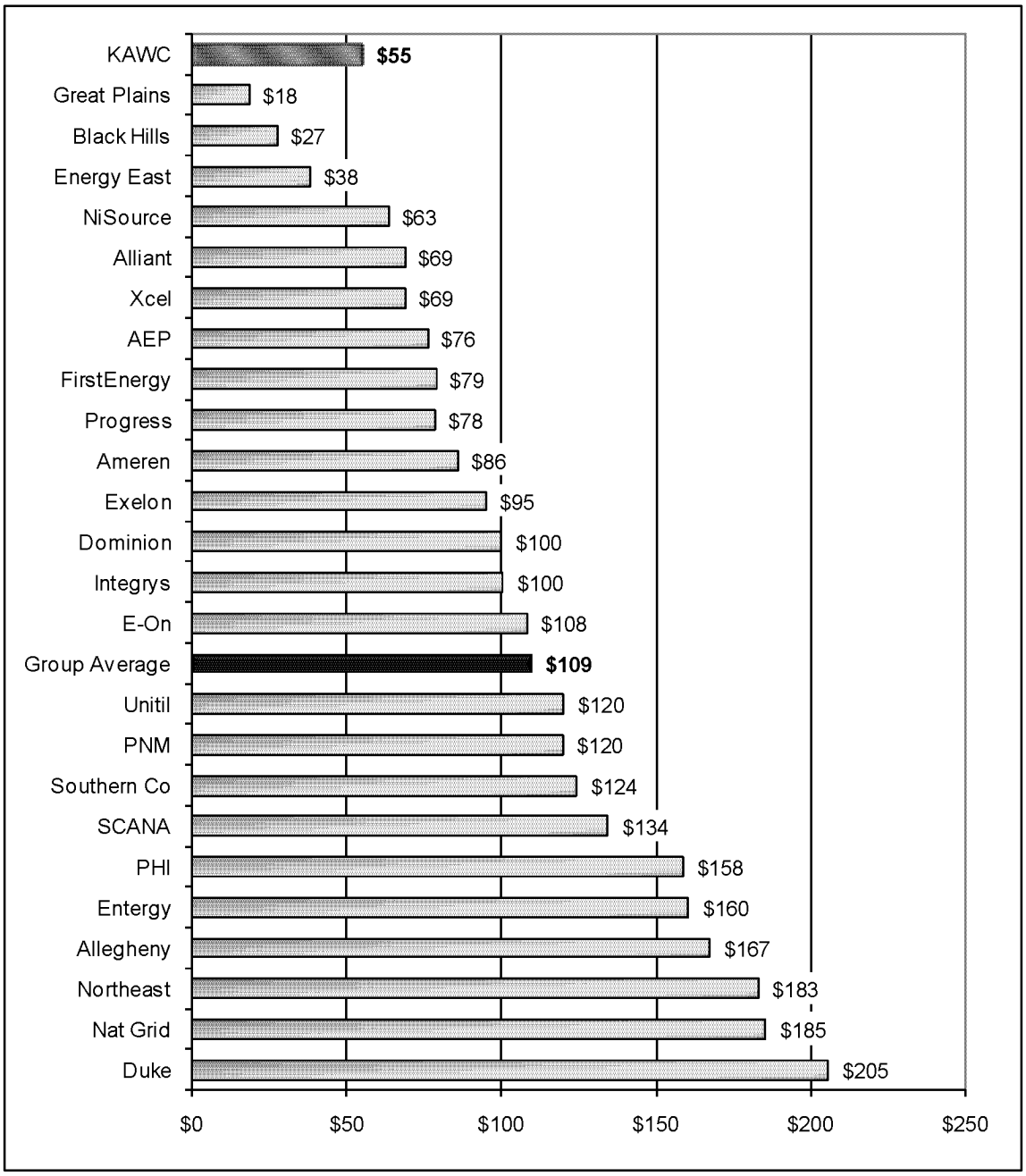
Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

IV – Question 1 – Reasonableness of Service Company Charges

A&G expenses per regulated utility customer for the 24 utility companies that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$396,340,118	5,213,000	$ 76
Allegheny	$263,588,707	1,577,873	$ 167
Alliant	$205,754,832	3,000,000	$ 69
Ameren	$291,684,710	3,400,000	$ 86
Black Hills	$20,763,828	759,400	$ 27
Dominion	$357,718,046	3,588,500	$ 100
Duke	$923,936,645	4,500,000	$ 205
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$432,575,683	2,700,000	$ 160
E-On	$136,276,177	1,263,000	$ 108
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$354,028,109	4,499,000	$ 79
Great Plains	$15,000,708	820,000	$ 18
Integrys	$216,364,166	2,157,000	$ 100
Nat Grid	$1,240,706,398	6,700,000	$ 185
NiSource	$237,380,009	3,750,000	$ 63
Northeast	$302,138,730	1,654,000	$ 183
PHI	$302,463,412	1,910,000	$ 158
Progress	$242,677,256	3,100,000	$ 78
PNM	$102,688,385	859,000	$ 120
SCANA	$191,207,825	1,424,300	$ 134
Southern Co	$546,498,605	4,402,000	$ 124
Unitil	$20,341,422	169,600	$ 120
Xcel	$367,626,617	5,345,000	$ 69
Group Total	**$7,840,162,191**	**71,666,473**	**$ 109**

Exhibit 1 shows KAWC's 12 months ended September 30, 2009 Service Company cost per customer of $58 to be considerably lower than the average of $109 per customer for the comparison group service companies. Only 3 of 24 comparison group service companies had a lower cost per customer than KAWC. Based on this result, it is possible to conclude that the Service Company's 12 months ended September 30, 2009 charges to KAWC were reasonable.


KAWC
$55
Great Plains
$18
Black Hills
$27
Energy East
$38
NiSource
$63
Alliant
$69
Xcel
$69
AEP
$76
FirstEnergy
$79
Progress
$78
Ameren
$86
Exelon
$95
Dominion
$100
Integrys
$100
E-On
$108
Group Average
$109
Unitil
$120
PNM
$120
Southern Co
$124
SCANA
$134
PHI
$158
Entergy
$160
Allegheny
$167
Northeast
$183
Nat Grid
$185
Duke
$205
$0
$50
$100
$150
$200
$250

V – Question 2 – Provision of Services at the Lower of Cost or Market

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to KAWC during the 12 months ended September 30, 2009. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged KAWC during the 12 months ended September 30, 2009, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Exhibit 2 (page 14) details the assignment of 12 months ended September 30, 2009 management and professional Service Company charges by outsider provider category. Exhibit 3 (page 15) shows the same assignment for Service Company management and professional hours charged to KAWC during the 12 months ended September 30, 2009.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. The three categories of adjustments are:

- Contract Services – 12 months ended September 30, 2009 Service Company charges to KAWC include expenses associated with the use of outside professional firms to

perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Information Technology Infrastructure Expenses – Included in the 12 months ended September 30, 2009 Service Company charges to KAWC are leases, maintenance fees and depreciation related to American Water's enterprise mainframe, server and network infrastructure and corporate business applications. An outside provider that would take over operation of this infrastructure would recover these expenses over and above the labor necessary to operate the data center.

Exhibit 4 (page 16) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Exhibits 2 and 3 and the excludable items shown in Exhibit 4, the Service Company's equivalent costs per hour for the 12 months ended September 30, 2009 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 334,249	$ 1,710,026	$ 3,561,408	$ 1,211,028	$ 6,816,711
Less:					
Contract services	$ 20,484	$ 95,374	$ 467,125	$ 14,259	$ 597,241
Travel expenses	$ 2,520	$ 43,997	$ 45,186	$ 73,938	$ 165,640
IT infrastructure expenses	$ 5,573	$ 243,378	$ 217,932	$ 47,913	$ 514,795
Net Service Charges (A)	$ 305,672	$ 1,327,278	$ 2,831,166	$ 1,074,919	$ 5,539,035
Total Hours (B)	4,166	7,038	29,356	12,130	52,690
Average Hourly Rate (A / B)	**$ 73**	**$ 189**	**$ 96**	**$ 89**	

Kentucky-American Water Company
Analysis of 12 Months Ended September 30, 2009 Service Company Charges By Location And Function

Location	Function	12 Months Ended September 30, 2009 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 203,790	$ 203,790
Call Center	Human Resources		$ 38,322			$ 38,322
Corporate	Accounting			$ 497,590		$ 497,590
	Administration		$ 322,790			$ 322,790
	Audit			$ 52,782		$ 52,782
	Communications		$ 93,321			$ 93,321
	Finance			$ 281,839		$ 281,839
	Human Resources		$ 275,961			$ 275,961
	Information Technology			$ 6,583		$ 6,583
	Legal	$ 97,417				$ 97,417
	Operations		$ 163,589		$ 724,909	$ 888,499
	Rates & Revenue			$ 75,655		$ 75,655
	Risk Management		$ 47,419			$ 47,419
	Water Quality				$ 91,789	$ 91,789
Regional Offices	Accounting			$ 29,285		$ 29,285
	Administration		$ 254,002			$ 254,002
	Communications		$ 167,071			$ 167,071
	Engineering				$ 13,044	$ 13,044
	Finance			$ 642,225		$ 642,225
	Human Resources		$ 61,873			$ 61,873
	Legal	$ 236,832				$ 236,832
	Operations		$ 161,223		$ 173,907	$ 335,129
	Risk Management		$ 21,941			$ 21,941
	Water Quality				$ 3,589	$ 3,589
Information Technology	Information Technology			$ 1,424,145		$ 1,424,145
Shared Services	Accounting			$ 410,795		$ 410,795
	Administration		$ 102,514			$ 102,514
	Finance			$ 64,120		$ 64,120
	Rates & Revenue			$ 76,388		$ 76,388
Total Dollars Charged		**$ 334,249**	**$ 1,710,026**	**$ 3,561,408**	**$ 1,211,028**	**$ 6,816,711**

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Kentucky-American Water Company
Analysis of 12 Months Ended September 30, 2009 Service Company Hours By Location And Function

		12 Months Ended September 30, 2009 Service Company Hours				
Location	Function	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				2,664	2,664
Call Center	Human Resources		493			493
Corporate	Accounting			3,725		3,725
	Administration		269			269
	Audit			254		254
	Communications		156			156
	Finance			827		827
	Human Resources		1,744			1,744
	Information Technology			18		18
	Legal	425				425
	Operations		471		6,534	7,005
	Rates & Revenue			174		174
	Risk Management		337			337
	Water Quality				787	787
Regional Offices	Accounting			123		123
	Administration		-			-
	Communications		1,348			1,348
	Engineering				16	16
	Finance			5,859		5,859
	Human Resources		166			166
	Legal	3,741				3,741
	Operations		1,501		2,095	3,596
	Risk Management		297			297
	Water Quality				32	32
Information Technology	Information Technology			8,783		8,783
Shared Services	Accounting			7,180		7,180
	Administration		255			255
	Finance			1,382		1,382
	Rates & Revenue			1,030		1,030
Total Hours Charged		**4,166**	**7,038**	**29,356**	**12,130**	**52,690**

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Kentucky-American Water Company
12 Months Ended September 30, 2009 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Accounting	$ 168,888	$ 5,552	$ 6,239	$ 180,679
Administration	$ 28,652	$ 6,822	$ 225,416	$ 260,891
Audit	$ 3,552	$ 1,389	$ 483	$ 5,424
Communications	$ 17,791	$ 9,265	$ 1,579	$ 28,635
Engineering	$ -	$ 200	$ 122	$ 322
Finance	$ 177,832	$ 16,245	$ 11,516	$ 205,593
Human Resources	$ 43,909	$ 12,075	$ 5,135	$ 61,119
Information Technology	$ 106,168	$ 18,146	$ 197,015	$ 321,329
Legal	$ 20,484	$ 2,520	$ 5,573	$ 28,577
Operations	$ 19,019	$ 82,351	$ 21,224	$ 122,593
Rates & Revenue	$ 10,685	$ 3,854	$ 2,679	$ 17,217
Risk Management	$ 1,312	$ 3,204	$ 4,049	$ 8,564
Water Quality	$ (1,050)	$ 4,017	$ 33,766	$ 36,733
Total	**$ 597,241**	**$ 165,640**	**$ 514,795**	**$ 1,277,676**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Attorney	$ 20,484	$ 2,520	$ 5,573	$ 28,577
Management Consultant	$ 95,374	$ 43,997	$ 243,378	$ 382,748
Certified Public Accountant	$ 467,125	$ 45,186	$ 217,932	$ 730,242
Professional Engineer	$ 14,259	$ 73,938	$ 47,913	$ 136,109
Total	**$ 597,241**	**$ 165,640**	**$ 514,795**	**$ 1,277,676**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among Kentucky certified public accounting firms, only more experienced staff are predominantly CPAs (see table below). Some Service Company employees also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

	Firm Size		
Position	Small	Medium	Large
Partners/Owners	97%	98%	99%
Directors (11+ years experience)	na	100%	86%
Managers (6-10 years experience)	na	72%	88%
Sr Associates (4-5 years experience)	na	25%	69%
Associates (1-3 years experience)	na	0%	24%
New Professionals	na	8%	1%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The Kentucky State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Kentucky attorneys. Therefore, an estimate of Kentucky attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 5, the average rate for each firm was adjusted for the cost of living differential between its location and Lexington, Kentucky. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to March 31, 2009—the midpoint of the test year ended September 30, 2009.

Management Consultants

The cost per hour for management consultants was developed from a 2009 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2008 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. The 2008 average rate was escalated to March 31, 2009—the midpoint of the 12 months ended September 30, 2009.

Certified Public Accountants

The average hourly rate for Kentucky CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The Kentucky version of this survey was used to develop hourly rates for member firms in Kentucky.

As shown in Exhibit 7, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to March 31, 2009—the test year's midpoint.

Professional Engineers

The Company provided hourly rate information for outside engineering firms that could have been used by KAWC in 2009. As presented in Exhibit 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Kentucky-American Water Company
Estimated Billing Rates For Kentucky Attorneys Based On Michigan and Massachusetts Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	86%	$ 361
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	86%	$ 422
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	86%	$ 390
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	86%	$ 305
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	98%	$ 285
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	127%	$ 160
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	98%	$ 304
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	112%	$ 196
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	86%	$ 430
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	140%	$ 198
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	140%	$ 146
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	98%	$ 234
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	140%	$ 205
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	97%	$ 273
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	149%	$ 238
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	149%	$ 318
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	149%	$ 237
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	117%	$ 274
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	117%	$ 233
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	149%	$ 220
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	149%	$ 200
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	149%	$ 240
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	149%	$ 324
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	149%	$ 164
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	149%	$ 203
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	139%	$ 208
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	149%	$ 194
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	149%	$ 206
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	149%	$ 167
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	118%	$ 169
							Overall Average 2007 Billing Rate		$ 250

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Billing Rate At March 31, 2009	**$ 253**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Lexington, Kentucky. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Lexington. A number less than 100 % indicates Lexington's cost of living is higher.

Kentucky-American Water Company
Billing Rates of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2008	210.2
CPI at March 31, 2009	212.7
Inflation/Escalation	1.2%
Average Hourly Billing Rate For Management Consultants At March 31, 2009	**$ 227**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Kentucky-American Water Company
Estimated Billing Rates Of Kentucky Certified Public Accountants

Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 71	$ 90	$ 120	$ 146

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 71	$ 90	$ 120	$ 146	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 27	$ 24	$ 29	**$ 101**

Escalation to Midpoint of March 31, 2009 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Hourly Billing Rate For CPAs At March 31, 2009	**$ 103**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Kentucky edition)

Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.t

Kentucky-American Water Company
Estimated Billing Rates Of Kentucky Engineers

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
	Technician	Engineer		
	Senior Technician	Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Name of Firm				
Firm #1	$77	$86	$108	$175
Firm #2	$76	$84	$136	$164
Firm #3	$80	$102	$162	$207
Firm #4	$55	$86	$139	$190

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Technician	Engineer			
	Senior Technician	Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$72	$89	$136	$184	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$22	$31	$34	$18	**$105**

Source: Information provided by American Water Works Service Company

Service Company versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended September 30, 2009		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 73	$ 253	$ (180)
Management Consultant	$ 189	$ 227	$ (38)
Certified Public Accountant	$ 96	$ 103	$ (7)
Professional Engineer	$ 89	$ 105	$ (16)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to KAWC during the 12-months ended September 30, 2009, outside service providers would have cost $1,409,800 more than the Service Company (see table below). Thus, on average, outside providers' hourly rates are 21% higher than those of the Service Company ($1,409,800 / $6,816,711).

	12 Months Ended September 30, 2009		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (180)	4,166	$ (748,260)
Management Consultant	$ (38)	7,038	$ (270,282)
Certified Public Accountant	$ (7)	29,356	$ (192,538)
Professional Engineer	$ (16)	12,130	$ (198,720)
Service Company Less Than Outside Providers			$ (1,409,800)

It should be noted that the cost differential associated with using outside providers is even greater because Service Company personnel do not charge for more than 8 hours per day even when they work more. Outside providers generally charge clients for all hours worked. If, for instance, Service Company personnel worked 5% overtime (2 hours) per week on KAWC's behalf, that would have amounted to over 2,600 additional hours of work during the 12 months ended September 30, 2009. Based on the hourly rate differentials above, this overtime would have added another $70,000 to the cost of using outside providers.

If KAWC were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform over 52,000 hours of work (more than 35 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing KAWC management team. Thus, it would be necessary for KAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individual that would fill this position would need a good understanding of each profession being managed. He/she must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add almost $150,000 per year to KAWC's personnel expenses.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Cost of Adding 1 Professional Position To KAWC's Staff

	Total
New Position's Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Cost of One Position	$ 149,400

Thus, the total effect on the ratepayers of KAWC of contracting all services now provided by Service Company would be an increase in their costs of $1,559,200 ($1,409,800 + $149,400). Based on the results of this comparison, it is possible to conclude that the Service Company charged KAWC at the lower of cost or market for services provided during the 12 months ended September 30, 2009.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Background

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of the Service Company's customer accounts services-related charges to KAWC with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, KAWC's charges from the Service Company for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 9 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Kentucky	• Duke Energy – Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Wheeling Power	
Virginia	• Appalachian Power	• Virginia Electric Power
Ohio	• Cleveland Electric • Columbus Southern Power • Dayton Power & Light • Duke Energy – Ohio	• Ohio Edison • Ohio Power • Toledo Edison
Missouri	• Aquila • Kansas City Power & Light	• Union Electric
Indiana	• Duke Energy – Indiana • Indiana Michigan Power	• Indianapolis Power & Light • NIPSCo
Illinois	• Central Illinois Light • Central Illinois Public Service • Commonwealth Edison	• Illinois Power • Interstate Power & Light • MidAmerica Energy

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Tennessee	• Kingsport Power

Kentucky-American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Kentucky-American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

KAWC Cost per Customer

As calculated below, KAWC's 12 months ended September 30, 2009 customer account services expense per customer was $28.35. The cost pool used to calculate this average includes charges for Service Company services (e.g., call center, billing, payment processing) and postage and forms expenses, which are incurred directly by KAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.32 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level.

Kentucky American Cost Per Customer		Year Ended 9/30/2009 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Cost Component					
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 1,728,850	$ 688,295	$ 2,417,145	
Operating Company	Customer payment processing			$ 151,772	Note B
Operating Company	Postage & forms			$ 784,459	
			Cost Pool Total	$ 3,353,376	
			Total Customers	118,279	
	12 Months Ended September 30, 2009 Cost Per KAWC Customer			**$ 28.35**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Call handling expenses		$ 765,328
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.32	
Percent different	90%	90%
Total Adjustment		$ 688,295

Note B: Estimated customer payment processing expenses

Number of customers	118,279
Number of payments/customer/year	12
Total payments processed/year	1,419,348
Bank charge per item	$ 0.1069
Total estimated annual expense	$ 151,772

Electric Utility Group Cost per Customer

Exhibit 10 shows the actual 2008 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Summary of Results

As shown in the table below, KAWC's cost per customer within a reasonable range of the average cost of the neighboring electric utility comparison group. It can therefore be concluded that KAWC's 12 months ended September 30, 2009 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to KAWC were comparable to those of other utilities.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	15.67
Interstate Power & Light	$	15.79
Virginia Electric Power	$	16.15
Monongahela Power	$	16.17
Dayton Power & Light	$	18.51
Ohio Edison	$	19.13
Cleveland Electric Illuminating	$	20.60
Indianapolis Power & Light	$	21.64
Union Electric	$	22.95
Illinois Power	$	23.26
Aquila	$	24.53
Toledo Edison	$	24.81
Central Illinois Public Service	$	25.71
Wheeling Power	$	26.12
Duke Energy Indiana	$	26.22
Comparison Group Average	**$**	**27.07**
Kansas City Power & Light	$	27.15
MidAmerican Energy	$	27.66
Kentucky American Water	**$**	**28.35**
Kentucky Utilities	$	28.42
Indiana Michigan Power	$	29.17
Duke Energy Kentucky	$	29.65
Central Illinois Light	$	30.33
Northern Indiana Public Service	$	30.72
Duke Energy Ohio	$	31.20
Ohio Power	$	31.70
Appalachian Power	$	32.57
Kingsport Power	$	32.60
Columbus Southern Power	$	35.11
Kentucky Power	$	36.02
Commonwealth Edison	$	39.29

Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Kentucky				Virginia	
		Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Appalachian Power	Virginia Electric Power
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 29,231,353	$ 32,985,338
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 1,894	$ -
Subtotal		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 29,233,247	$ 32,985,338
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 1,415,185	$ 3,978,170
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 548,440	$ 1,573,799
Total Cost Pool		**$ 3,993,358**	**$ 6,326,180**	**$ 15,248,292**	**$ 6,280,591**	**$ 31,196,872**	**$ 38,537,306**
Total Customers (page 304, line 43)		134,703	175,646	536,441	400,699	957,875	2,386,208
Customer Account Services Expense per Customer		**$ 29.65**	**$ 36.02**	**$ 28.42**	**$ 15.67**	**$ 32.57**	**$ 16.15**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 6,333,174	$ 4,765,373	$ 24,119,043	$ 22,418,737	$ 23,000,789	$124,252,946
Total O&M Payroll (page 355, line 65)		$ 35,107,273	$ 24,348,550	$ 67,918,514	$ 73,056,617	$116,519,186	$642,556,137
Benefits as Percent of Payroll		18.0%	19.6%	35.5%	30.7%	19.7%	19.3%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 2,613,424	$ 1,602,234	$ 7,181,104	$ 2,668,667	$ 8,480,076	$ 27,320,711
Gas (page 354, line 37)		$ 1,559,494	$ -	$ -	$ 2,175,749	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 4,172,918	$ 1,602,234	$ 7,181,104	$ 4,844,416	$ 8,480,076	$ 27,320,711
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 29,231,353	$ 32,985,338
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 1,894	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 29,233,247	$ 32,985,338
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 986,864	$ 993,970	$ 3,761,113	$ 2,034,678	$ 5,345,473	$ 10,819,819
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 4,162,383	$ 6,946,408	$ 16,611,683	$ 6,998,053	$ 34,578,720	$ 43,805,157
Percent Applicable to Customer Accounts Services (903 and 905)		76.3%	85.7%	77.4%	70.9%	84.5%	75.3%
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 7,169,154	$ 20,572,530
Pension & Benefits Pertaining to Customer Accounts Services		$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 1,415,185	$ 3,978,170
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 7,169,154	$ 20,572,530
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 548,440	$ 1,573,799

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Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Duke Energy - Ohio	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,516,027	$ 24,640,129	$ 8,648,983	$ 17,655,073	$ 20,713,551	$ 21,137,257	$ 6,909,201
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 531,238	$ 15,947	$ -	$ (256,106)	$ 579,775	$ 19,561	$ 213,136
Subtotal		$ 15,047,265	$ 24,656,076	$ 8,648,983	$ 17,398,967	$ 21,293,326	$ 21,156,818	$ 7,122,337
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	Note A	$ 243,960	$ 1,169,753	$ 547,426	$ 2,836,968	$ (1,852,176)	$ 1,008,466	$ 482,226
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 280,555	$ 401,794	$ 333,017	$ 1,229,505	$ 468,076	$ 387,630	$ 152,465
Total Cost Pool		**$ 15,571,780**	**$ 26,227,624**	**$ 9,529,426**	**$ 21,465,440**	**$ 19,909,226**	**$ 22,552,914**	**$ 7,757,028**
Total Customers (page 304, line 43)		755,807	747,099	514,882	687,930	1,040,518	711,447	312,642
Customer Account Services Expense per Customer		**$ 20.60**	**$ 35.11**	**$ 18.51**	**$ 31.20**	**$ 19.13**	**$ 31.70**	**$ 24.81**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 2,546,911	$ 13,054,219	$ 11,936,626	$ 34,365,193	$ (15,395,255)	$ 25,630,628	$ 4,035,809
Total O&M Payroll (page 355, line 65)		$ 38,286,937	$ 58,613,682	$ 94,920,691	$194,685,375	$ 50,858,052	$128,781,829	$ 16,679,734
Benefits as Percent of Payroll		6.7%	22.3%	12.6%	17.7%	-30.3%	19.9%	24.2%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 5,037,050	$ 6,281,750	$ 6,306,396	$ 14,312,049	$ 8,765,466	$ 6,394,108	$ 2,665,076
Gas (page 354, line 37)		$ -	$ -	$ -	$ 7,113,829	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 5,037,050	$ 6,281,750	$ 6,306,396	$ 21,425,878	$ 8,765,466	$ 6,394,108	$ 2,665,076
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,516,027	$ 24,640,129	$ 8,648,983	$ 17,655,073	$ 20,713,551	$ 21,137,257	$ 6,909,201
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 531,238	$ 15,947	$ -	$ (256,106)	$ 579,775	$ 19,561	$ 213,136
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 15,047,265	$ 24,656,076	$ 8,648,983	$ 17,398,967	$ 21,293,326	$ 21,156,818	$ 7,122,337
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,619,752	$ 4,833,074	$ 3,880,743	$ 5,795,966	$ 9,211,147	$ 5,540,885	$ 2,401,739
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 20,667,017	$ 29,489,150	$ 12,529,726	$ 23,194,933	$ 30,504,473	$ 26,697,703	$ 9,524,076
Percent Applicable to Customer Accounts Services (903 and 905)		72.8%	83.6%	69.0%	75.0%	69.8%	79.2%	74.8%
Customer Account Services Portion of Total Payroll		$ 3,667,381	$ 5,252,213	$ 4,353,161	$ 16,071,965	$ 6,118,641	$ 5,067,064	$ 1,993,009
Pension & Benefits Pertaining to Customer Accounts Services		$ 243,960	$ 1,169,753	$ 547,426	$ 2,836,968	$ (1,852,176)	$ 1,008,466	$ 482,226
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,667,381	$ 5,252,213	$ 4,353,161	$ 16,071,965	$ 6,118,641	$ 5,067,064	$ 1,993,009
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 280,555	$ 401,794	$ 333,017	$ 1,229,505	$ 468,076	$ 387,630	$ 152,465

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Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Missouri			Indiana			
		Aquila	Kansas City Power & Light	Union Electric	Duke Energy Indiana	Indiana Mich Power	Indianapolis Power & Light	NIPSCo
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,452,019	$ 11,197,895	$ 23,468,942	$ 17,986,550	$ 15,734,787	$ 8,284,813	$ 9,129,615
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,347	$ 4,657	$ 308,130	$ (233,182)	$ 142,897	$ 157,521	$ 158,834
Subtotal		$ 7,454,366	$ 11,202,552	$ 23,777,072	$ 17,753,368	$ 15,877,684	$ 8,442,334	$ 9,288,449
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	Note A	$ 1,977,597	$ 2,386,936	$ 2,869,858	$ 2,046,539	$ 799,163	$ 1,360,502	$ 3,381,340
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 475,084	$ 448,997	$ 799,714	$ 560,144	$ 323,764	$ 329,537	$ 1,347,966
Total Cost Pool		**$ 9,907,047**	**$ 14,038,485**	**$ 27,446,644**	**$ 20,360,051**	**$ 17,000,611**	**$ 10,132,373**	**$ 14,017,755**
Total Customers (page 304, line 43)		403,879	516,978	1,196,119	776,647	582,769	468,203	456,302
Customer Account Services Expense per Customer		**$ 24.53**	**$ 27.15**	**$ 22.95**	**$ 26.22**	**$ 29.17**	**$ 21.64**	**$ 30.72**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 25,845,865	$ 63,342,544	$ 96,460,926	$ 49,637,989	$ 31,291,702	$ 33,892,398	$ 22,891,873
Total O&M Payroll (page 355, line 65)		$ 81,163,764	$155,753,238	$ 351,369,910	$177,595,604	$165,714,630	$107,311,441	$ 119,291,633
Benefits as Percent of Payroll		31.8%	40.7%	27.5%	28.0%	18.9%	31.6%	19.2%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 6,887,814	$ 8,022,470	$ 14,643,835	$ 10,335,603	$ 5,125,654	$ 7,218,568	$ 8,921,614
Gas (page 354, line 37)		$ 2,645,654	$ -	$ 3,496,597	$ -	$ -	$ -	$ 14,203,890
Total Payroll Charged to Customer Accounts		$ 9,533,468	$ 8,022,470	$ 18,140,432	$ 10,335,603	$ 5,125,654	$ 7,218,568	$ 23,125,504
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,452,019	$ 11,197,895	$ 23,468,942	$ 17,986,550	$ 15,734,787	$ 8,284,813	$ 9,129,615
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,347	$ 4,657	$ 308,130	$ (233,182)	$ 142,897	$ 157,521	$ 158,834
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 7,454,366	$ 11,202,552	$ 23,777,072	$ 17,753,368	$ 15,877,684	$ 8,442,334	$ 9,288,449
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 3,988,972	$ 4,109,830	$ 17,483,238	$ 7,306,480	$ 3,351,882	$ 5,704,871	$ 2,901,921
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 11,443,338	$ 15,312,382	$ 41,260,310	$ 25,059,848	$ 19,229,566	$ 14,147,205	$ 12,190,370
Percent Applicable to Customer Accounts Services (903 and 905)		65.1%	73.2%	57.6%	70.8%	82.6%	59.7%	76.2%
Customer Account Services Portion of Total Payroll		$ 6,210,247	$ 5,869,246	$ 10,453,784	$ 7,322,142	$ 4,232,208	$ 4,307,675	$ 17,620,471
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,977,597	$ 2,386,936	$ 2,869,858	$ 2,046,539	$ 799,163	$ 1,360,502	$ 3,381,340
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 6,210,247	$ 5,869,246	$ 10,453,784	$ 7,322,142	$ 4,232,208	$ 4,307,675	$ 17,620,471
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 475,084	$ 448,997	$ 799,714	$ 560,144	$ 323,764	$ 329,537	$ 1,347,966

Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Illinois					
		Central Illinois Light	Central Illinois Pub Service	Commonwealth Edison	Illinois Power	Interstate Power & Light	MidAmerican Energy
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,468,977	$ 8,826,365	$ 118,395,856	$ 12,193,518	$ 6,845,375	$ 14,926,857
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 228,479	$ 207,236	$ -	$ 455,279	$ 30,036	$ 292,025
Subtotal		$ 5,697,456	$ 9,033,601	$ 118,395,856	$ 12,648,797	$ 6,875,411	$ 15,218,882
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	Note A	$ 467,069	$ 654,814	$ 26,429,619	$ 1,416,112	$ 1,069,042	$ 3,112,472
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 337,546	$ 408,318	$ 5,341,307	$ 506,754	$ 369,305	$ 1,600,713
Total Cost Pool		**$ 6,502,071**	**$ 10,096,733**	**$ 150,166,782**	**$ 14,571,662**	**$ 8,313,758**	**$ 19,932,067**
Total Customers (page 304, line 43)		214,343	392,680	3,822,023	626,530	526,600	720,661
Customer Account Services Expense per Customer		**$ 30.33**	**$ 25.71**	**$ 39.29**	**$ 23.26**	**$ 15.79**	**$ 27.66**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 3,980,881	$ 7,991,993	$ 121,698,929	$ 20,079,443	$ 22,576,821	$ 33,240,956
Total O&M Payroll (page 355, line 65)		$ 37,607,070	$ 65,143,952	$ 321,500,723	$ 93,926,786	$101,951,019	$223,470,422
Benefits as Percent of Payroll		10.6%	12.3%	37.9%	21.4%	22.1%	14.9%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 3,001,449	$ 5,415,977	$ 89,883,002	$ 6,938,167	$ 6,673,047	$ 16,132,340
Gas (page 354, line 37)		$ 2,899,863	$ 2,531,598	$ -	$ 4,147,119	$ 2,618,508	$ 14,617,265
Total Payroll Charged to Customer Accounts		$ 5,901,312	$ 7,947,575	$ 89,883,002	$ 11,085,286	$ 9,291,555	$ 30,749,605
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,468,977	$ 8,826,365	$ 118,395,856	$ 12,193,518	$ 6,845,375	$ 14,926,857
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 228,479	$ 207,236	$ -	$ 455,279	$ 30,036	$ 292,025
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 5,697,456	$ 9,033,601	$ 118,395,856	$ 12,648,797	$ 6,875,411	$ 15,218,882
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 1,922,600	$ 4,417,522	$ 34,019,237	$ 8,518,274	$ 6,357,744	$ 7,146,189
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 7,620,056	$ 13,451,123	$ 152,415,093	$ 21,167,071	$ 13,233,155	$ 22,365,071
Percent Applicable to Customer Accounts Services (903 and 905)		74.8%	67.2%	77.7%	59.8%	52.0%	68.0%
Customer Account Services Portion of Total Payroll		$ 4,412,365	$ 5,337,489	$ 69,821,005	$ 6,624,229	$ 4,827,515	$ 20,924,352
Pension & Benefits Pertaining to Customer Accounts Services		$ 467,069	$ 654,814	$ 26,429,619	$ 1,416,112	$ 1,069,042	$ 3,112,472
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 4,412,365	$ 5,337,489	$ 69,821,005	$ 6,624,229	$ 4,827,515	$ 20,924,352
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 337,546	$ 408,318	$ 5,341,307	$ 506,754	$ 369,305	$ 1,600,713

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Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		West Virginia			Tennessee
		Appalachian Power	Monongahela Power	Wheeling Power	Kingsport Power
Customer Account Services Cost Pool					
FERC Account Balances:					
Acct 903 - Customer Records & Collection (page 322, line 161)			$ 5,020,473	$ 1,013,571	$ 1,473,158
Acct 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 286	$ 425
Subtotal			$ 5,020,473	$ 1,013,857	$ 1,473,583
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	Note A		$ 849,338	$ 46,865	$ 32,646
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B		$ 294,683	$ 18,802	$ 24,728
Total Cost Pool			**$ 6,164,494**	**$ 1,079,524**	**$ 1,530,957**
Total Customers (page 304, line 43)			381,193	41,334	46,961
Customer Account Services Expense per Customer		see Virginia	**$ 16.17**	**$ 26.12**	**$ 32.60**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 187)			$ 16,659,462	$ 402,736	$ 199,803
Total O&M Payroll (page 355, line 65)			$ 75,556,781	$ 2,112,138	$ 1,978,375
Benefits as Percent of Payroll			22.0%	19.1%	10.1%
Payroll Applicable to Customer Account Services					
Total Payroll Charged to Customer Accounts Function					
Electric (page 354, line 7)			$ 6,101,855	$ 339,964	$ 368,129
Gas (page 354, line 37)					$ -
Total Payroll Charged to Customer Accounts			$ 6,101,855	$ 339,964	$ 368,129
Percent Applicable to Customer Accounts Services (903 and 905):					
Acct 903 - Customer Records & Collection (page 322, line 161)			$ 5,020,473	$ 1,013,571	$ 1,473,158
Acct 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 286	$ 425
Subtotal - Total Charges Applicable to Customer Accounts Services			$ 5,020,473	$ 1,013,857	$ 1,473,583
Acct 902 - Meter Reading Expenses (page 322, line 160)			$ 2,932,203	$ 388,499	$ 204,604
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading			$ 7,952,676	$ 1,402,356	$ 1,678,187
Percent Applicable to Customer Accounts Services (903 and 905)			63.1%	72.3%	87.8%
Customer Account Services Portion of Total Payroll			$ 3,852,062	$ 245,783	$ 323,247
Pension & Benefits Pertaining to Customer Accounts Services			$ 849,338	$ 46,865	$ 32,646
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services					
Customer Account Services Portion of Total Payroll			$ 3,852,062	$ 245,783	$ 323,247
Employer's Portion of FICA (6.20%) and Medicare (1.45%)			7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA			$ 294,683	$ 18,802	$ 24,728

Group Average
$ 555,857,055
20,535,119
$ 27.07

Analysis of Services

The final aspect of this study was an assessment of whether the services that are provided to KAWC by the Service Company would be necessary if KAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for KAWC. Based on discussions with Service Company personnel, the matrix in Exhibit 11 was created showing which entity—KAWC or a Service Company location—is responsible for each of the functions KAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Exhibit 12, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Exhibit 12, there was only one entity that was primarily responsible for the service.

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	P				S		
Five-Year System Planning	P				S		
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	P				S		
Special Projects	P				S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P				S		
Special Projects	P				S		
Minor Projects	P						
Hydraulics Review	P				S		
Developers Extensions	P						
Tank Painting	P						
Water Quality and Purification							
Water Quality Standards Development					S		P
Research Studies	S				S		P
Water Quality Program Implementation	P				S		
Water Treatment Operations & Maintenance	P				S		
Compliance Tracking and Chemical Testing	P						S
Sample Collection and Other Testing	S				S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	P		S		S		
Customer Contact	S		P				
Call Processing			P				
Service Order Creation	S		P				
Service Order Processing	P		S				
Customer Credit			P				
Meter Reading	P					S	
Customer Bill Preparation			S			P	
Bill Collection	S		P			S	
Customer Payment Processing	S			P			
Meter Standards Development	S				P		
Meter Testing, Maintenance & Replacement	P						

Note A: KAWC provides in-person customer contact while Service Company call centers provide customer phone contact

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	P		S		S		
Financings--Equity	S		P		S		
Financings--Long Term Debt & Preferred (A)	S		P				
Short Term Lines of Credit Arrangements (A)	S				P		
Investor Relations			S		P		
Insurance Program Administration	S				P		
Loss Control/Safety Program Administration	P				S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	P		S				
O&M	P		S		S		
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges	S	S	S	S	P	S	S
Capital Budget Preparation—Projects	P						
Capital Budget Preparation—Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P						
Prepare Capital Project Budget Status Report	P						
Year-End Projections (A)	P						
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation—Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S			P			
Gross Receipts Taxes	S			P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	S		P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	P		S				
Labor Negotiations--Wages	P		S				
Labor Negotiations--Benefits					P		
Labor Negotiations-- Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	P						
Affirmative Action/EEO--Plan Development	P						
Affirmative Action/EEO--Implementation	P						
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration			P			S	
PC Acquisition & Support			P			S	
Help Desk			S			P	

Governance Practices Associated With Service Company Charges

There are several ways by which KAWC exercises control over Service Company services and charges. The most important of these are described below.

- **President of Regulated Operations Oversight** – The President of Regulated Operations is on the Executive Management Team (EMT) of American Water. This position is responsible for the overall performance of each operating company in American Water. As part of the EMT, the President of Regulated Operations has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The President of Regulated Operations also has dialogue with each operating company president to address local concerns.
- **Divisional Vice President & Treasurer** – The Divisional Vice President and Treasurer of the Eastern Division states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the division. The Vice President and Treasurer monitors the performance and reporting from the Service Company and follows up on instances where the quality and timeliness of services are not as expected. The operating company interacts with the Divisional VP & Treasurer to discuss any concerns with billings, etc.
- **Operating Company Board Oversight** – KAWC's board of directors includes members of American Water's EMT, members of the divisional management team and business and community leaders from outside the Company. KAWC's president is Chairman of the KAWC board. This helps ensure that KAWC's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – The President of Regulated Operations sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. KAWC's president also sits on the Service Company board.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the President of Regulated Operations. With input from the local presidents and Divisional Vice President & Treasurer, they have the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – KAWC Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. KAWC's financial manager has dialogue with Shared Services Center office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The KAWC Finance Manager prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.
- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored

for the month and year-to-date. Additional information exists that allows more detailed analysis of "Divisional" and "Corporate" Management Fees.

- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at two levels for all American Water companies, including all KAWC Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of KAWC, VP Finance, and others participate as necessary (e.g. KAWC operations managers and Rates Manager) and provide the data used in the monthly review schedules.

WITNESS: P.BARYENBRUCH

KENTUCKY AMERICAN WATER COMPANY

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during the 12 months ended September 30, 2009 to Kentucky American Water (KAWC). This study was undertaken in conjunction with KAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to Kentucky American Water Company ("KAWC"), each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2009. First, were the Service Company's charges to KAWC during the 12 months ended September 30, 2009 reasonable? Second, was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009? Third, were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call

Centers, comparable to those of other utilities? Fourth, are the services KAWC receives from Service Company necessary?

6. **Q. What conclusions were you able to draw concerning question number 1, whether the Service Company charges to KAWC were reasonable?**

A. The Service Company's 12 months ended September 30, 2009 cost per KAWC customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended September 30, 2009, KAWC was charged $55 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than KAWC's charges from the Service Company.

7. **Q. What conclusions were you able to draw concerning question number 2, whether KAWC was charged the lower of cost or market services provided by the Service Company?**

A. I was able to draw the following conclusions:

(1) KAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2009.

(2) On average, the hourly rates for outside service providers are 21% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were

contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended September 30, 2009, KAWC and its ratepayers would have incurred an additional $1,500,000 in expenses. This amount includes the higher cost of outside providers and the cost of a KAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company managerial and professional personnel, on the other hand, charge a maximum 8 hours per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1,500,000 cited above.

(6) It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

8. Q. What conclusions were you able to draw concerning question number 3, whether the 12 months ended September 30, 2009 costs of the Service Company's customer account services, including those of the National Call Centers, were reasonable?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of KAWC. During the 12-months ended September 30, 2009, the customer accounts cost for KAWC customers was $28.35 compared to the 2008 average of $27.07 for neighboring electric utilities. The highest comparison group per customer cost was $39.29 and the lowest $15.67.

9. Q. What conclusions were you able to draw concerning question number 4, whether the services KAWC receives from the Service Company are necessary?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to KAWC.

10. Q. Does this complete your testimony?

A. Yes.

Market Cost Comparison of Service Company Charges Provided to New Jersey American Water Company, Inc.

12 Months Ended June 30, 2007

Baryenbruch & Company, LLC

New Jersey American
Market Cost Comparison of Service Company Charges
12 Months Ended June 30, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to New Jersey American Water Company, Inc. (NJAWC):

1. Was NJAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended June 30, 2007?

2. Were the 12 months ended June 30, 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services NJAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- NJAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2007.

- On average, the hourly rates for outside service providers are **66% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by NJAWC without careful supervision on the part of NJAWC. If these services were contracted entirely to outside providers, NJAWC would have to add at least two positions to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12 months ended June 30, 2007, NJAWC and its ratepayers would have incurred an **additional $17.9 million** in expenses. This amount includes the higher cost of outside providers and the cost of two NJAWC positions needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantage that accrues to NJAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $17.9 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (only 2 hours per week), then that work would have cost over $800,000 in additional charges from outside providers.

- It would be difficult for NJAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NJAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is close to the average of the comparison group of electric utilities in New Jersey and surrounding states**. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to NJAWC are reasonable. As will be explained further herein, these companies provide a reasonable proxy group for comparison to a regulated utility of the size and scope of NJAWC. During the 12 months ended June 30, 2007, the customer accounts cost for NJAWC customers was $31.02 compared to the 2006 average of $27.70 for neighboring electric utilities. The highest comparison group per customer cost was $61.67 and the lowest $12.22.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Works Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Central Services – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in the second quarter of 2001 and a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of NJAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional/Divisional Offices – Regional and Divisional offices provide operating companies with certain support services that can be performed more effectively on a regional or divisional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, legal, human resources and operations. There are four regional offices—Northeast, Southeast, Central and West. Examples of divisional office services include administration, operation and customer support and security. Currently there is one divisional office, the Eastern Division which oversees the Northeast and Southeast regions.

- Laboratory Services – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees

- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Overhead	X	X	These are primarily employee benefit costs that relate directly to labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges.

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries.

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet (see example in Schedule 1) that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable).

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

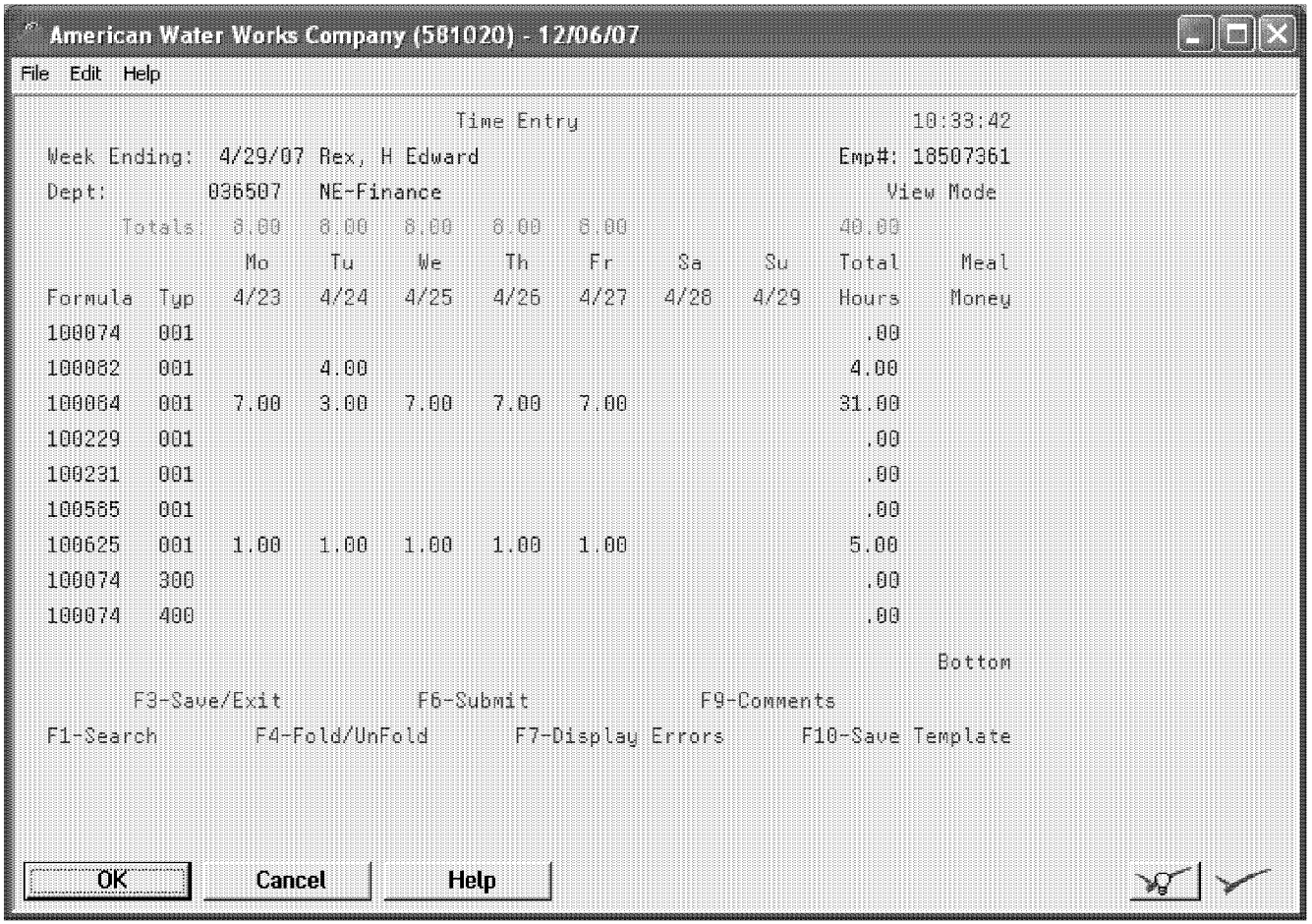
Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 25% of the Northeast Region professional labor is assigned to NJAWC during a month, then 25% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 25% of the Northeast Region accumulated professional and support labor is charged to NJAWC during the month, then 25% of that month's overhead expenses will be assigned to NJAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 25% of professional labor from one Service Company office is assigned to NJAWC, then 25% of that office's office expenses would be assigned to NJAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

Sample Electronic Time Sheet



III – Service Company Cost Comparison Approach

During the 12 months ended June 30, 2007, the Service Company charged NJAWC $34,866,623. For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down by these categories as follows:

	12 Months Ended June 30, 2007	
	Amount	Hours
Management and Professional Services	$ 26,691,726	294,000
Customer Account Services	$ 8,174,897	256,156
Total	$ 34,866,623	550,156

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to NJAWC during the 12 months ended June 30, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing NJAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to NJAWC. A determination was then made as to whether these services would be required if NJAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys - legal services
- Certified Public Accountants - accounting, financial, information technology and rates and revenues
- Professional Engineers - engineering, operations and water quality services.

It should be noted that the services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to NJAWC during the 12 months ended June 30, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged NJAWC during the 12 months ended June 30, 2007, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedules 2 and 3 (pages 10-11) details the assignment of 12 months ended June 30, 2007 management and professional Service Company charges and hours by outsider provider category.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 12 months ended June 30, 2007 non-labor Service Company charges:

- Contract Services – 12 months ended June 30, 2007 Service Company charges to NJAWC include over $2.2 million in charges associated with the use of outside

professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended June 30, 2007 Service Company charges to NJAWC are charges from the IT Service Centers for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the systems.

Schedule 4 (page 12) shows how computer hardware/software, contract services and travel expense-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 2, 3 and 4, the Service Company's equivalent costs per hour for the 12 months ended June 30, 2007 are calculated below.

	12 Months Ended June 30, 2007				
	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 1,260,479	$ 8,800,100	$ 13,893,353	$ 2,737,793	$ 26,691,726
Less:					
Contract services	24,154	604,264	1,537,948	51,306	2,217,672
Travel expenses	31	84,744	241,460	7,149	333,384
Computer hardware/software	11,442	92,693	55,223	14,866	174,224
Net Service Charges (A)	$ 1,224,852	$ 8,018,399	$ 12,058,722	$ 2,664,472	$ 23,966,446
Total Hours (B)	13,140	77,725	170,370	32,764	294,000
Average Hourly Rate (A / B)	**$ 93**	**$ 103**	**$ 71**	**$ 81**	

New Jersey American
Analysis of 12 Months Ended June 30, 2007 Service Company Managerial And Professional Charges By Location And Function

Location	Function	12 Months Ended June 30, 2007 Service Company Charges									
		Attorney		Management Consultant		Certified Public Accountant		Professional Engineer		Total	
Belleville Lab	Water Quality							$	935,280	$	935,280
Call Center	Human Resources			$	189,788					$	189,788
Corporate	Accounting					$	1,040,525			$	1,040,525
	Administration	$	76,724	$	1,818,168	$	994,804	$	191,311	$	3,081,007
	Audit					$	216,365			$	216,365
	Communications			$	445,789					$	445,789
	Engineering							$	99,495	$	99,495
	Finance					$	936,017			$	936,017
	Human Resources			$	965,479					$	965,479
	Legal	$	424,723							$	424,723
	Operations			$	641,623			$	535,241	$	1,176,864
	Rates & Revenue					$	463,811			$	463,811
	Risk Management			$	289,199					$	289,199
	Water Quality							$	251,239	$	251,239
Regional Offices	Accounting					$	142,787			$	142,787
	Administration			$	1,624,713					$	1,624,713
	Communications			$	295,821					$	295,821
	Engineering							$	176,985	$	176,985
	Finance					$	1,612,612			$	1,612,612
	Human Resources			$	736,643					$	736,643
	Legal	$	759,032							$	759,032
	Operations			$	457,038			$	402,135	$	859,173
	Risk Management			$	754,897					$	754,897
	Water Quality							$	146,106	$	146,106
Information Technology	Audit					$	64,617			$	64,617
	Information Technology					$	5,888,078			$	5,888,078
Shared Services	Accounting					$	2,168,785			$	2,168,785
	Administration			$	580,942					$	580,942
	Finance					$	225,627			$	225,627
	Rates & Revenue					$	139,327			$	139,327
Total Dollars Charged		**$**	**1,260,479**	**$**	**8,800,100**	**$**	**13,893,353**	**$**	**2,737,793**	**$**	**26,691,726**

TN-COC-01-Q36-ATTACHMENT 1
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New Jersey American

Analysis of 12 Months Ended June 30, 2007 Service Company Managerial And Professional Hours By Location And Function

Location	Function	12 Months Ended June 30, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				13,474	13,474
Call Center	Human Resources		2,492			2,492
Corporate	Accounting			14,987		14,987
	Administration		6,733			6,733
	Audit			3,230		3,230
	Communications		2,585			2,585
	Engineering				1,556	1,556
	Finance			10,231		10,231
	Human Resources		12,634			12,634
	Legal	3,001				3,001
	Operations		4,438		7,344	11,782
	Rates & Revenue			2,466		2,466
	Risk Management		2,560			2,560
	Water Quality				4,685	4,685
Regional Offices	Accounting			2,911		2,911
	Administration		9,164			9,164
	Communications		5,960			5,960
	Engineering				1,817	1,817
	Finance			23,468		23,468
	Human Resources		11,243			11,243
	Legal	10,139				10,139
	Operations		4,983		2,994	7,977
	Risk Management		11,678			11,678
	Water Quality				895	895
Information Technology	Audit			1,250		1,250
	Information Technology			50,838		50,838
Shared Services	Accounting			51,530		51,530
	Administration		3,255			3,255
	Finance			6,915		6,915
	Rates & Revenue			2,546		2,546
Total Hours Charged		**13,140**	**77,725**	**170,370**	**32,764**	**294,000**

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New Jersey American

12 Months Ended June 30, 2007 Service Company Charges Excludable From The Hourly Rate Calculation – Computer HW/SW, Contract Services and Travel Expenses

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 623,960	$ 9,044	$ 9,260	$ 642,264	Certified Public Accountant
Administration	$ 105,941	$ (4,129)	$ 41,305	$ 143,117	Management Consultant
Audit	$ 8,898		$ 2,149	$ 11,047	Certified Public Accountant
Communications	$ 101,469	$ 1,202	$ 1,976	$ 104,647	Management Consultant
Engineering	$ 16	$ 545	$ 1,205	$ 1,766	Professional Engineer
Finance	$ 270,315	$ 5,761	$ 16,077	$ 292,153	Certified Public Accountant
Human Resources	$ 308,699	$ 16,906	$ 22,391	$ 347,996	Management Consultant
Information Technology	$ 604,304	$ 226,566	$ 22,822	$ 853,692	Certified Public Accountant
Legal	$ 24,154	$ 31	$ 11,442	$ 35,627	Attorney
Operations	$ 81,230	$ 5,490	$ 26,448	$ 113,168	Management Consultant, Professional Engineer
Rates & Revenue	$ 30,471	$ 89	$ 4,915	$ 35,475	Certified Public Accountant
Risk Management	$ 17,691	$ 69,626	$ 9,961	$ 97,278	Management Consultant
Water Quality	$ 40,524	$ 2,253	$ 4,273	$ 47,050	Professional Engineer
Total	**$ 2,217,672**	**$ 333,384**	**$ 174,224**	**$ 2,725,280**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 24,154	$ 31	$ 11,442	$ 35,627
Management Consultant	$ 604,264	$ 84,744	$ 92,693	$ 781,701
Certified Public Accountant	$ 1,537,948	$ 241,460	$ 55,223	$ 1,834,631
Professional Engineer	$ 51,306	$ 7,149	$ 14,866	$ 73,321
Total	**$ 2,217,672**	**$ 333,384**	**$ 174,224**	**$ 2,725,280**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The New Jersey Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for New York or Pennsylvania attorneys. Therefore, a New Jersey estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 5, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Trenton, New Jersey. The survey includes rates that were in effect at December 31, 2006—the midpoint of the 12 months ended June 30, 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The 2005 average rate was escalated to December 31, 2006—the midpoint of the 12 months ended June 30, 2007.

Certified Public Accountants

The average hourly rate for New Jersey certified public accountants was developed from a 2006 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in New Jersey. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 7. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005, thus they had to be escalated to December 31, 2006—the midpoint of the 12 months ended June 30, 2007.

Professional Engineers

The Service Company provided hourly rate information for three outside engineering firms that were used by NJAWC in 2007. As presented in Schedule 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

New Jersey American
Estimated Billing Rates Of New Jersey Attorneys

Billing rates as of December 31, 2006 (Note A)														
Firm	Michigan Location	Number Of Mich Lawyers	Billing Rate Range Associate		Partner		Average		Cost of Living Adjust (C)	Adjusted Rate	
Dickinson Wright PLLC	Detroit	218	$	223	$	395	$	309	80%	$	384
Butzel Long	Detroit	212	$	283	$	385	$	334	80%	$	415
Bodman LLP	Detroit	130	$	170	$	353	$	261	80%	$	325
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$	195	$	363	$	279	92%	$	304
Trott & Trott, PC	Bingham Farms	57	$	170	$	235	$	203	119%	$	170
Brooks Kushman PC	Southfield	52	$	218	$	378	$	298	92%	$	324
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$	170	$	270	$	220	106%	$	208
Pepper Hamilton LLP	Detroit	31	$	258	$	478	$	368	80%	$	457
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$	218	$	338	$	278	132%	$	211
Strobl & Sharp, PC	Bloomfield Hills	26	$	160	$	250	$	205	132%	$	156
Kupelian Ormond & Magy, PC	Southfield	24	$	180	$	278	$	229	92%	$	249
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$	190	$	385	$	288	132%	$	218
McShane & Bowie PLC	Grand Rapids	22	$	218	$	313	$	265	91%	$	291
									Overall Average at December 31, 2006	$	286
									Average Billing Rate At December 31, 2006 - the midpoint of 12 months ended June 30, 2007	**$**	**286**

Note A: Source is Michigan Lawyers Weekly, April 2007
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Trenton, NJ. A number over 100% indicates the Michigan city's cost of living is higher than Trenton. A number less than 100% indicates Trenton's cost of living is higher.

New Jersey American
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2007 (Note B)	
CPI at December 31, 2005	196.8
CPI at December 31, 2006	201.8
Inflation/Escalation	2.5%
Estimated Average Hourly Billing Rate For New Jersey CPAs At December 31, 2006	**$ 217**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

New Jersey American
Estimated Billing Rates Of New Jersey Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 64	$ 90	$ 109	$ 166

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 64	$ 90	$ 109	$ 166	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 19	$ 27	$ 22	$ 33	$ 101

Escalation to Test Year Mid-Point June 30, 2007 (Note B)

CPI at December 31, 2005	196.8
CPI at December 31, 2006	201.8
Inflation/Escalation	2.5%
Estimated Average Hourly Billing Rate For New Jersey CPAs At December 31, 2006	**$ 104**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

New Jersey American
Billing Rates Of New Jersey Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$65	$93	$144	$185
Firm #2	$71	$88	$133	$165
Firm #3	$85	$98	$128	$173
Firm #4	$59	$81	$113	$152
Firm #5	$64	$86	$117	$160

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$69	$89	$127	$167	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$21	$31	$32	$17	**$100**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended June 30, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 93	$ 286	$ (193)
Management Consultant	$ 103	$ 217	$ (114)
Certified Public Accountant	$ 71	$ 104	$ (33)
Professional Engineer	$ 81	$ 100	$ (19)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to NJAWC during the 12 months ended June 30, 2007, outside service providers would have cost almost $9 million more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are 66% higher than those of the Service Company ($17,662,967 / $26,691,726).

	12 Months Ended June 30, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (193)	13,140	$ (2,533,145)
Management Consultant	$ (114)	77,725	$ (8,858,090)
Certified Public Accountant	$ (33)	170,370	$ (5,659,800)
Professional Engineer	$ (19)	32,764	$ (611,932)
Service Company Less Than Outside Providers			$ (17,662,967)

If NJAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 294,000 hours of work (almost 196 full-time equivalents at 1,500 billable hours per FTE) would add a significant workload to the existing NJAWC management team. Thus, it would be necessary for NJAWC to add at least two positions to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $304,000 per year to NJAWC's personnel expenses.

Cost of Adding Administrative Positions To NJAM's Staff

	Per Position	Total
New Positions' (2) Salary	$ 100,000	$ 200,000
Benefits (at 52%)	$ 52,000	$ 104,000
Total Cost of the New Positions		$ 304,000

Thus, the total effect on the ratepayers of NJAWC of contracting all services now provided by Service Company would be an increase in their costs of **$17,966,967** ($17,662,967 + $304,000).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These survey results provide further evidence that the Service Company arrangement is the lowest-cost alternative for NJAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Center with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, NJAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 8 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

New Jersey American
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

New Jersey American
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

New Jersey	• Atlantic City Electric • Jersey Central Power	• Public Service Electric & Gas • Rockland Electric
New York	• Central Hudson Gas & Electric • Consolidated Edison • New York State Electric & Gas	• Niagara Mohawk Electric Power • Rochester Gas & Electric
Pennsylvania	• Duquesne Light • Metropolitan Edison • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric Utilities • West Penn Power
Delaware	• Delmarva Power & Light	

Comparison Approach

The basis for this comparison is customer account services expenses per customer. NJAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, NJAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
IT Service Centers
a. Support expenses for the customer information system (ORCOM)
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

NJAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to NJAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.28 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, NJAWC's adjusted annual expense per customer is $31.02—the number that can be compared to neighboring electric utilities' expenses.

New Jersey American 12-Months Ended June 30, 2007 Cost Per Customer

Cost Component		YE 6/30/07 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 7,972,957	$ 7,599,224	$ 15,572,181	
Regional Offices		$ 201,941		$ 201,941	
IT/Data Centers	Bill preparation/systems support	$ 1,465,922		$ 1,465,922	
Service Company	Customer payment processing			$ 592,816	Note B
Operating Company	Postage & forms			$ 1,513,501	
			Cost Pool Total	$ 19,346,361	
			Total Customers	623,754	
	12 Months Ended June 30, 2007 Cost Per New Jersey American Customer			**$ 31.02**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test Period Call Center charges		$ 7,972,957
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.28	
Percent different	95%	95%
Total Adjustment B		$ 7,599,224

Note B: Estimated customer payment processing expenses

Number of customers	623,754
Number of payments/customer/year	9
Total payments processed/year	5,613,786
Bank charge per item	$ 0.1056
Total estimated annual expense	$ 592,816

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2006 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, NJAWC's cost per customer is close to the average of the electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to NJAWC are reasonable.

Customer Account Services Expenses Per Customer	
Public Service Electric & Gas	$12.22
West Penn Power Company	$12.82
Duquesne Light Company	$15.97
Metropolitan Edison Company	$18.17
Jersey Central Power & Light Company	$18.18
Pennsylvania Electric Company	$18.24
Pennsylvania Power Company	$18.88
PPL Electric Utilities Corporation	$21.13
Rochester Gas & Electric Corporation	$22.61
Comparison Group Average	**$ 28.90**
New Jersey American Water	**$ 31.02**
Niagra Mohawk Power Corporation	$31.14
Central Hudson Gas & Electric Company	$33.67
New York State Electric & Gas Corporation	$34.00
Consolidated Edison Company	$39.40
PECO Energy Company	$46.18
Atlantic City Electric Company	$47.65
Delmarva Power & Light Company	$49.05
Rockland Electric Company	$61.67

New Jersey American
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		New York				
		Central Hudson Gas & Electric	Consolidated Edison	New York State Electric & Gas	Niagra Mohawk Power	Rochester Gas & Electric
Customer Account Management Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 6,494,641	$ 110,493,688	$ 26,065,553	$ 34,953,004	$ 7,483,349
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 2,140,632	$ 431,503	$ 1,675,828	$ 170,071	$ 339,392
Subtotal		$ 8,635,273	$ 110,925,191	$ 27,741,381	$ 35,123,075	$ 7,822,741
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 663,215	$ 7,659,454	$ 102,319	$ 8,667,824	$ 33,277
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 493,524	$ 7,624,334	$ 1,666,371	$ 2,158,145	$ 272,425
Total Cost Pool		**$ 9,792,012**	**$ 126,208,980**	**$ 29,510,071**	**$ 45,949,044**	**$ 8,128,443**
Total Customers (page 304, line 43)		290,818	3,203,541	868,027	1,475,451	359,450
Customer Account Management Expense per Customer		**$ 33.67**	**$ 39.40**	**$ 34.00**	**$ 31.14**	**$ 22.61**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,820,791	$ 90,050,950	$ 920,181	$ 106,795,887	$ 711,608
Total Payroll (page 355, line 96)		$ 76,075,245	$ 1,171,739,190	$ 195,896,937	$ 347,587,065	$ 76,153,339
Total Benefits as Percent of Payroll		10.3%	7.7%	0.5%	30.7%	0.9%
Payroll Charged to Customer Accts Expenses (page 354, line 7)		$ 6,451,295	$ 99,664,499	$ 21,782,630	$ 28,211,045	$ 3,561,117
Pension & Benefits Pertaining to Customer Accts Expenses		$ 663,215	$ 7,659,454	$ 102,319	$ 8,667,824	$ 33,277
Note B: Calculation of Employer's Payroll Taxes Pertaining to Cust. Acct Mgmt						
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 6,451,295	$ 99,664,499	$ 21,782,630	$ 28,211,045	$ 3,561,117
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA and Medicare		$ 493,524	$ 7,624,334	$ 1,666,371	$ 2,158,145	$ 272,425

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New Jersey American
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Pennsylvania						
		Duquesne Light	Metropolitan Edison	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric Utilities	West Penn Power
Customer Account Management Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 7,634,097	$ 9,516,468	$ 40,468,327	$ 10,307,858	$ 2,695,070	$ 27,134,401	$ 6,853,000
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ -	$ 29,309	$ 27,371,284	$ 145,765	$ 164,238	$ 853,743	$ -
Subtotal		$ 7,634,097	$ 9,545,777	$ 67,839,611	$ 10,453,623	$ 2,859,308	$ 27,988,144	$ 6,853,000
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 942,864	$ (156,116)	$ 2,582,413	$ (233,705)	$ 20,983	$ (421,998)	$ 1,600,005
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 774,174	$ 389,377	$ 1,226,378	$ 512,931	$ 109,507	$ 1,465,959	$ 609,671
Total Cost Pool		**$ 9,351,135**	**$ 9,779,038**	**$ 71,648,402**	**$ 10,732,849**	**$ 2,989,797**	**$ 29,032,104**	**$ 9,062,676**
Total Customers (page 304, line 43)		585,678	538,150	1,551,632	588,437	158,369	1,374,143	707,058
Customer Account Management Expense per Customer		**$ 15.97**	**$ 18.17**	**$ 46.18**	**$ 18.24**	**$ 18.88**	**$ 21.13**	**$ 12.82**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 11,293,383	$ (1,607,694)	$ 36,771,159	$ (2,325,076)	$ 213,351	$ (4,477,514)	$ 16,519,390
Total Payroll (page 355, line 96)		$ 121,213,914	$ 52,416,051	$ 228,267,677	$ 66,706,308	$ 14,555,089	$ 203,323,024	$ 82,282,405
Total Benefits as Percent of Payroll		9.3%	-3.1%	16.1%	-3.5%	1.5%	-2.2%	20.1%
Payroll Charged to Customer Accts Expenses (page 354, line 7)		$ 10,119,924	$ 5,089,896	$ 16,031,080	$ 6,704,976	$ 1,431,461	$ 19,162,860	$ 7,969,557
Pension & Benefits Pertaining to Customer Accts Expenses		$ 942,864	$ (156,116)	$ 2,582,413	$ (233,705)	$ 20,983	$ (421,998)	$ 1,600,005
Note B: Calculation of Employer's Payroll Taxes Pertaining to Cust. Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 10,119,924	$ 5,089,896	$ 16,031,080	$ 6,704,976	$ 1,431,461	$ 19,162,860	$ 7,969,557
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA and Medicare		$ 774,174	$ 389,377	$ 1,226,378	$ 512,931	$ 109,507	$ 1,465,959	$ 609,671

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New Jersey American
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		New Jersey				Maryland	
		Atlantic City Electric	Jersey Central Power	Public Service Electric & Gas	Rockland Electric	Delmarva Power & Light	Group Average
Customer Account Management Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 24,360,761	$ 18,137,299	$ 51,331,875	$ 2,525,652	$ 22,995,724	$ 409,450,767
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 60,019	$ 317,275	$ (38,270,688)	$ 1,101,219	$ 132,342	$ (3,338,068)
Subtotal		$ 24,420,780	$ 18,454,574	$ 13,061,187	$ 3,626,871	$ 23,128,066	$ 406,112,699
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 947,498	$ 228,567	$ 9,333,579	$ 753,502	$ 1,435,423	$ 34,159,102
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 191,087	$ 910,077	$ 3,341,394	$ 43,024	$ 582,624	$ 22,371,002
Total Cost Pool		**$ 25,559,366**	**$ 19,593,218**	**$ 25,736,160**	**$ 4,423,397**	**$ 25,146,113**	**$ 462,642,803**
Total Customers (page 304, line 43)		536,415	1,077,948	2,106,886	71,726	512,673	16,006,402
Customer Account Management Expense per Customer		**$ 47.65**	**$ 18.18**	**$ 12.22**	**$ 61.67**	**$ 49.05**	**$ 28.90**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,744,878	$ 2,299,610	$ 108,710,276	$ 12,688,468	$ 13,589,355	
Total Payroll (page 355, line 96)		$ 57,325,558	$ 119,689,986	$ 508,731,548	$ 9,470,456	$ 72,101,692	
Total Benefits as Percent of Payroll		37.9%	1.9%	21.4%	134.0%	18.8%	
Payroll Charged to Customer Accts Expenses (page 354, line 7)		$ 2,497,870	$ 11,896,435	$ 43,678,354	$ 562,401	$ 7,615,995	
Pension & Benefits Pertaining to Customer Accts Expenses		$ 947,498	$ 228,567	$ 9,333,579	$ 753,502	$ 1,435,423	$ 34,159,102
Note B: Calculation of Employer's Payroll Taxes Pertaining to Cust. Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 2,497,870	$ 11,896,435	$ 43,678,354	$ 562,401	$ 7,615,995	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA and Medicare		$ 191,087	$ 910,077	$ 3,341,394	$ 43,024	$ 582,624	$ 22,371,002

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VI - Need For Service Company Services

Analysis Of Service Company Services

The final aspect of this study was an assessment of whether the services that are provided to NJAWC by the Service Company would be necessary if NJAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for NJAWC. Based on discussions with Service Company personnel, the matrix in Schedule 11 was created showing which entity--NJAWC or a Service Company location--is responsible for each of the functions NJAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 11, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NJAWC	Customer Call Center	Regional/ Divisional Office	Shared Services	Central Services	IT Service Centers	Laboratory Services
Engineering and Construction Management							
CPS Preparation	P				S		
Five-Year System Planning	P		S				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	P				S		
Special Projects	P		S		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P		S				
Special Projects	P		S				
Minor Projects	P						
Hydraulics Review	P						
Developers Extensions	P						
Tank Painting	P		S				
Water Quality and Purification							
Water Quality Standards Development	P		S		S		S
Research Studies	S		S		P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Sampling	P		S				S
Testing/Other Sampling (2 Ps = different studies)	P		S		S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing	S	P					
Service Order Processing	P	S					
Customer Credit	S	P					
Meter Reading	P						
Customer Bill Preparation		P				S	
Bill Collection	S	P					
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P						

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NJAWC	**Customer Call Center**	Regional/ Divisional Office	**Shared Services**	Central Services	**IT Service Centers**	Laboratory Services
Financial Management							
Financial Planning	S		P		S		
Financings—Equity					S		
Financings--Long Term Debt & Preferred (A)							
Short Term Lines of Credit Arrangements (A)							
Investor Relations					P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	P		S		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue and O&M	P						
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P		S				
Capital Budget Preparation--Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P						
Prepare Capital Project Budget Status Report	P		S				
Year-End Projections	P		S				
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes			S	P			
Gross Receipts Taxes			S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NJAWC	Customer Call Center	Regional/ Divisional Office	Shared Services	Central Services	IT Service Centers	Laboratory Services
Rates							
Rate Studies & Tariff Change Administration	S		P	S			
Rate Case Planning and Preparation	S		P	S			
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development			S		P		
Benefits Program Administration			P	S			
Management Compensation Administration			P		S		
Wage & Salary Program Design			S		P		
Wage & Salary Administration			P		S		
Labor Negotiations--Wages			P				
Labor Negotiations--Benefits			P		S		
Labor Negotiations-- Work Rules			P				
Training Program Development			P		S		
Training--Course Delivery			P				
Affirmative Action/EEO--Plan Development			P				
Affirmative Action/EEO--Implementation			P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk						P	

Governance Practices Associated With Service Company Charges

There are several ways by which NJAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Company President Oversight** – The Company President of the state utility is responsible for the overall performance of each operating company in the state. As part of the management team, through the Executive Vice President of the Eastern Division, each state utility President has a significant voice in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending.
- **Vice President & Treasurer** – The Vice President and Treasurer position retains the functions previously performed on behalf of the Northeast Region. The Vice President and Treasurer is responsible for the financial reporting, performance and internal controls of the New Jersey and New York operating companies. The Vice President and Treasurer monitor the performance and reporting from the Service Company and pushes back whenever the quality and service are not appropriate.
- **Operating Company Board Oversight** – The board of directors includes members of American Water's EMT, members of the state management team and business and community leaders from outside the Company. This helps ensure that NJAWC's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – Every operating company president sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Executive Vice President. The Executive Vice President, with significant input from the state President and local management team, has the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – Operating company personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Any mistakes or overcharges are credited on a subsequent billing.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows budget versus actual spending for the month and year-to-date by cost category.
- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date.
- **Capital Investment Management** (CIM) – CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water and Thames Water. The current CIM process and procedures were established in 2003 as part of an initiative to implement leading water industry practices. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital

program, approving project spending, delivering projects and measuring outputs. CIM ensures that:

- Capital expenditure plans are aligned with the strategic intent of the business,
- The impact of capital expenditure and income plans are fully reflected in operating expense plans,
- The impacts of these plans are understood and affordable, and
- Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all NJAWC operating units.

BARYENBRUCH PT-15

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), Pacific Gas & Electric Company and Southern California Edison.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company ("Service Company") during the 12 months ended June 30, 2007 to New Jersey American Water Company, Inc (NJAWC). This study was undertaken in conjunction with NJAWC's rate case and is accurate and reliable to the best of my knowledge and belief. The study is attached as the Appendix to Exhibit PT-15.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions. First, was NJAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended June 30, 2007? Second, were the 12 months ended June 30, 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services NJAWC receives from Service Company necessary?

NEW JERSEY-AMERICAN WATER COMPANY, INC.

6. Q. What conclusions were you able to draw concerning question number 1, whether NJAWC was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) NJAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2007.

(2) On average, the hourly rates for outside service providers are 66% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by NJAWC without careful supervision on the part of NJAWC. If these services were contracted entirely to outside providers, NJAWC would have to add at least two positions to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12 months ended June 30, 2007, NJAWC and its ratepayers would have incurred an additional $17.9 million in expenses. This amount includes the higher cost of outside providers and the cost of two NJAWC positions needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantage that accrues to NJAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $17.9 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (only 2 hours per week), then that work would have cost over $800,000 in additional charges from outside providers.

(6) It would be difficult for NJAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NJAWC ratepayers.

7. **Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to NJAWC?**

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is close to the

average of the comparison group of neighboring electric utilities. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of NJAWC. During the 12-months ended June 30, 2007, the customer accounts cost for NJAWC customers was $31.02 compared to the 2006 average of $27.70 for neighboring electric utilities. The highest comparison group per customer cost was $61.67 and the lowest $12.22.

8. Q. Does it concern you that NJAWC's cost per customer for customer account services is slightly higher than the electric utility comparison group?

A. No. I am satisfied that NJAWC's comparative position is completely acceptable for two reasons. First, I have included every appropriate cost element in the calculation of NJAWC's customer account services cost pool. Second, some of the comparison group electric utilities may follow accounting policies that cause their cost pools to be higher or lower than that of NJAWC. Even though electric utilities follow the FERC's Uniform System of Accounts, there is still some discretion as to how transactions are recorded. For instance, one utility may record the IT support costs for their customer information system to FERC account 903 Customer Records and Collections Expenses while another utility records that type of expense to a different FERC account. This probably accounts for some of the wide range in per customer costs among the electric utilities.

9. Q. What conclusions were you able to draw concerning the necessity of the services NJAWC receives from the Service Company?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Schedule 11 of my study, there was only one entity that was primarily responsible for the service.

10. Q. Does this complete your testimony?

A. Yes.

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE JOINT PETITION OF

NEW JERSEY-AMERICAN WATER COMPANY, INC.,

FOR APPROVAL OF INCREASED TARIFF RATES

AND CHARGES FOR WATER AND SEWER SERVICE

AND OTHER TARIFF REVISIONS

B.P.U. Docket No. WR08_____

O.A.L. Docket No. PUC

Direct Testimony of

Patrick L. Baryenbruch

Exhibit PT-15

Market Cost Comparison of Service Company Charges to Kentucky American Water Company

12-Months Ended September 30, 2009

Baryenbruch & Company, LLC

Kentucky American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended September 30, 2009

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I – Introduction

Purpose of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Kentucky American Water Company (KAWC):

1. Were the Service Company's charges to KAWC during the 12 months ended September 30, 2009 reasonable?

2. Was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009?

3. Were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services KAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusion was reached:

- The Service Company's 12 months ended September 30, 2009 cost per KAWC customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended September 30, 2009, KAWC was charged $55 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than KAWC's charges from the Service Company.

Concerning question 2, the following conclusions were drawn from this study:

- KAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2009.

- On average, the hourly rates for outside service providers are 21% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended September 30, 2009, KAWC and its ratepayers would have incurred more than $1,500,000 in additional expenses. This amount includes the higher cost of outside providers and the cost of one KAWC positions needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill

for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1,500,000 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $70,000 in additional charges from outside providers.

- It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

Concerning question 3, the following conclusion was reached:

- The cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and KAWC. During the 12-months ended September 30, 2009, the customer accounts cost for KAWC customers was $28.35 compared to the 2008 average of $27.07 for neighboring electric utilities. The highest comparison group per customer cost was $39.29 and the lowest $15.67.

Concerning question 4, the following conclusions were drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- Furthermore, there is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Exhibit 11, there was only one entity primarily responsible for the service.

II – Background

Overview of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding their own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like KAWC, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of KAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering, operations and field resource coordination.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial

services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company
- Formula number
- Work order (where applicable)
- Authorization number (where applicable)

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

II – Background

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Formula number (this is linked to operating company within American Water's financial system)
- Employee hours worked
- Account number for non-labor charges

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times his/her hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Eastern Region's professional labor is assigned to KAWC during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Eastern Region's accumulated professional and support labor is charged to KAWC during the month, then 20% of that month's overhead expenses will be assigned to KAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to KAWC, then 2% of that office's office expenses would be assigned to KAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended September 30, 2009, the Service Company billed KAWC $7,892,467 in O&M-related charges and $891,627 in capital-related charges. Included in the O&M amount are certain non-recurring expenses which are excluded from this market study. As calculated in the table below, net testable Service Company charges of $8,798,773 were subjected to a market cost comparison.

	12 Months Ended September 30, 2009
Mgmt Fee Expense (O&M)	$ 7,892,467
Add(Subtract): Non-Recurring Items	
Sarbanes-Oxley	$ 14,679
Net O&M Expenses	$ 7,907,146
Mgmt Fees - Capital	$ 891,627
Total Testable AWWSC Charges	**$ 8,798,773**

For purposes of comparing these charges to certain outside benchmarks, Service Company services were placed into three categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology and engineering.
- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.
- Field Resource Coordination Services – Includes the dispatching and oversight of work to operating company field crews.

Total test period Service Company charges break down between management/professional services, customer account services and field resource coordination as follows:

	12 Months Ended Sep 30, 2009	
	Amount	Hours
Management and Professional Services	$ 6,816,711	52,690
Customer Account Services	$ 1,728,850	47,924
Field Resource Coordination	$ 253,212	5,049
Total Service Company Charges	**$ 8,798,773**	**105,663**

This study's first question—whether Service Company 12 months ended September 30, 2009 charges were reasonable—was determined by comparing KAWC's A&G-related Service Company charges per customer to the same charges for utility companies that must file the FERC Form 60 – Annual Report of Service Companies.

The second question—whether Service Company charges during the 12 months ended September 3, 2009 were at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to KAWC during the 12 months ended September 30, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

III – Service Company Cost Comparison Approach

The third question—whether Service Company's 12 months ended September 30, 2009 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing KAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The fourth question—the necessity of Service Company services—was investigated by defining the services provided to KAWC and determining if these services would be required if KAWC were a stand-alone utility.

KAWC's Service Company Cost per Customer

During the 12 months ended September 30, 2009, KAWC was charged $55 per customer by the Service Company for A&G/O&M-related services. The calculation of this amount, shown in the table below, starts with total net testable Service Company charges and adjusts for capital and non-A&G functions (engineering, operations and water quality) charges. These adjustments are necessary to develop a per customer cost that is comparable to cost of utility service companies.

	12 Months ended Sep 30, 2009 AWWSC Charges
Testable Service Company charges	$ 8,798,773
Less: Capital charges	$ (891,627)
Less: Non-A&G function O&M charges	
Engineering	$ (11,031)
Operations	$ (1,073,526)
Water Quality	$ (260,216)
Net A&G/O&M-related charges	$ 6,562,374
KAWC customers	118,279
KAWC Cost Per Customer	**$ 55**

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

For 2008, a Form 60 was filed by 24 utility service companies, all of which serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to those of American Water Works Service Company, it was necessary to isolate expenses that that they have in common. These include A&G/O&M-related charges associated with the following FERC accounts:

901 – Supervision	921 – Office supplies and expenses
903 – Customer records and collection expenses	923 – Outside services employed
905 – Miscellaneous customer accounts expenses	926 – Employee pensions and benefits
907 – Supervision	928 – Regulatory commission expenses
910 – Misc customer service and info expenses	930.2 – Miscellaneous general expenses
911 – Supervision	931 – Rents
920 - Administrative and general salaries	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

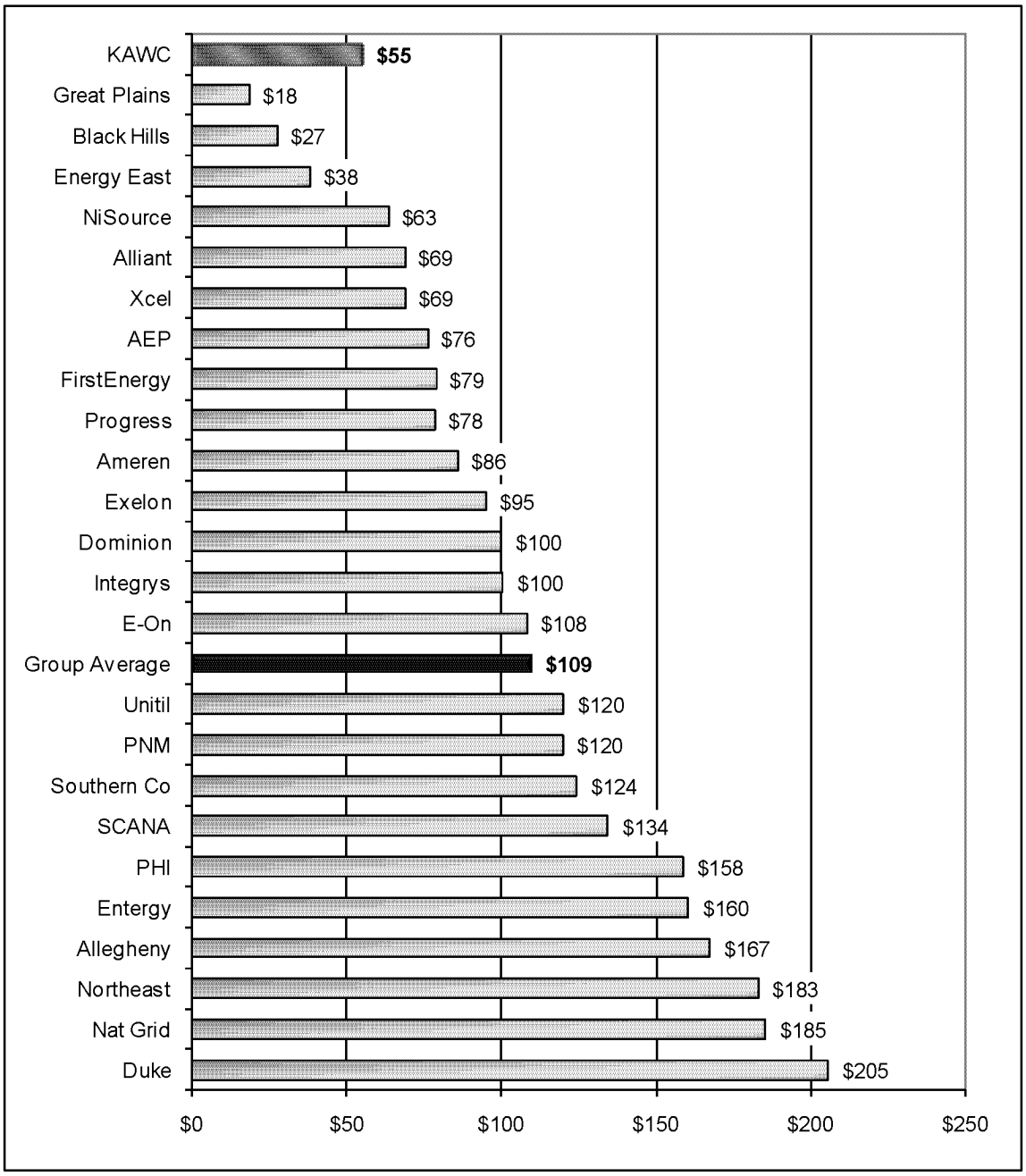
Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

IV – Question 1 – Reasonableness of Service Company Charges

A&G expenses per regulated utility customer for the 24 utility companies that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$396,340,118	5,213,000	$ 76
Allegheny	$263,588,707	1,577,873	$ 167
Alliant	$205,754,832	3,000,000	$ 69
Ameren	$291,684,710	3,400,000	$ 86
Black Hills	$20,763,828	759,400	$ 27
Dominion	$357,718,046	3,588,500	$ 100
Duke	$923,936,645	4,500,000	$ 205
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$432,575,683	2,700,000	$ 160
E-On	$136,276,177	1,263,000	$ 108
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$354,028,109	4,499,000	$ 79
Great Plains	$15,000,708	820,000	$ 18
Integrys	$216,364,166	2,157,000	$ 100
Nat Grid	$1,240,706,398	6,700,000	$ 185
NiSource	$237,380,009	3,750,000	$ 63
Northeast	$302,138,730	1,654,000	$ 183
PHI	$302,463,412	1,910,000	$ 158
Progress	$242,677,256	3,100,000	$ 78
PNM	$102,688,385	859,000	$ 120
SCANA	$191,207,825	1,424,300	$ 134
Southern Co	$546,498,605	4,402,000	$ 124
Unitil	$20,341,422	169,600	$ 120
Xcel	$367,626,617	5,345,000	$ 69
Group Total	**$7,840,162,191**	**71,666,473**	**$ 109**

Exhibit 1 shows KAWC's 12 months ended September 30, 2009 Service Company cost per customer of $58 to be considerably lower than the average of $109 per customer for the comparison group service companies. Only 3 of 24 comparison group service companies had a lower cost per customer than KAWC. Based on this result, it is possible to conclude that the Service Company's 12 months ended September 30, 2009 charges to KAWC were reasonable.


KAWC
$55
Great Plains
$18
Black Hills
$27
Energy East
$38
NiSource
$63
Alliant
$69
Xcel
$69
AEP
$76
FirstEnergy
$79
Progress
$78
Ameren
$86
Exelon
$95
Dominion
$100
Integrys
$100
E-On
$108
Group Average
$109
Unitil
$120
PNM
$120
Southern Co
$124
SCANA
$134
PHI
$158
Entergy
$160
Allegheny
$167
Northeast
$183
Nat Grid
$185
Duke
$205
$0
$50
$100
$150
$200
$250

V – Question 2 – Provision of Services at the Lower of Cost or Market

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to KAWC during the 12 months ended September 30, 2009. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged KAWC during the 12 months ended September 30, 2009, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Exhibit 2 (page 14) details the assignment of 12 months ended September 30, 2009 management and professional Service Company charges by outsider provider category. Exhibit 3 (page 15) shows the same assignment for Service Company management and professional hours charged to KAWC during the 12 months ended September 30, 2009.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. The three categories of adjustments are:

- Contract Services – 12 months ended September 30, 2009 Service Company charges to KAWC include expenses associated with the use of outside professional firms to

perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Information Technology Infrastructure Expenses – Included in the 12 months ended September 30, 2009 Service Company charges to KAWC are leases, maintenance fees and depreciation related to American Water's enterprise mainframe, server and network infrastructure and corporate business applications. An outside provider that would take over operation of this infrastructure would recover these expenses over and above the labor necessary to operate the data center.

Exhibit 4 (page 16) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Exhibits 2 and 3 and the excludable items shown in Exhibit 4, the Service Company's equivalent costs per hour for the 12 months ended September 30, 2009 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 334,249	$ 1,710,026	$ 3,561,408	$ 1,211,028	$ 6,816,711
Less:					
Contract services	$ 20,484	$ 95,374	$ 467,125	$ 14,259	$ 597,241
Travel expenses	$ 2,520	$ 43,997	$ 45,186	$ 73,938	$ 165,640
IT infrastructure expenses	$ 5,573	$ 243,378	$ 217,932	$ 47,913	$ 514,795
Net Service Charges (A)	$ 305,672	$ 1,327,278	$ 2,831,166	$ 1,074,919	$ 5,539,035
Total Hours (B)	4,166	7,038	29,356	12,130	52,690
Average Hourly Rate (A / B)	**$ 73**	**$ 189**	**$ 96**	**$ 89**	

Kentucky-American Water Company
Analysis of 12 Months Ended September 30, 2009 Service Company Charges By Location And Function

Location	Function	12 Months Ended September 30, 2009 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 203,790	$ 203,790
Call Center	Human Resources		$ 38,322			$ 38,322
Corporate	Accounting			$ 497,590		$ 497,590
	Administration		$ 322,790			$ 322,790
	Audit			$ 52,782		$ 52,782
	Communications		$ 93,321			$ 93,321
	Finance			$ 281,839		$ 281,839
	Human Resources		$ 275,961			$ 275,961
	Information Technology			$ 6,583		$ 6,583
	Legal	$ 97,417				$ 97,417
	Operations		$ 163,589		$ 724,909	$ 888,499
	Rates & Revenue			$ 75,655		$ 75,655
	Risk Management		$ 47,419			$ 47,419
	Water Quality				$ 91,789	$ 91,789
Regional Offices	Accounting			$ 29,285		$ 29,285
	Administration		$ 254,002			$ 254,002
	Communications		$ 167,071			$ 167,071
	Engineering				$ 13,044	$ 13,044
	Finance			$ 642,225		$ 642,225
	Human Resources		$ 61,873			$ 61,873
	Legal	$ 236,832				$ 236,832
	Operations		$ 161,223		$ 173,907	$ 335,129
	Risk Management		$ 21,941			$ 21,941
	Water Quality				$ 3,589	$ 3,589
Information Technology	Information Technology			$ 1,424,145		$ 1,424,145
Shared Services	Accounting			$ 410,795		$ 410,795
	Administration		$ 102,514			$ 102,514
	Finance			$ 64,120		$ 64,120
	Rates & Revenue			$ 76,388		$ 76,388
Total Dollars Charged		**$ 334,249**	**$ 1,710,026**	**$ 3,561,408**	**$ 1,211,028**	**$ 6,816,711**

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Kentucky-American Water Company
Analysis of 12 Months Ended September 30, 2009 Service Company Hours By Location And Function

		12 Months Ended September 30, 2009 Service Company Hours				
Location	Function	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				2,664	2,664
Call Center	Human Resources		493			493
Corporate	Accounting			3,725		3,725
	Administration		269			269
	Audit			254		254
	Communications		156			156
	Finance			827		827
	Human Resources		1,744			1,744
	Information Technology			18		18
	Legal	425				425
	Operations		471		6,534	7,005
	Rates & Revenue			174		174
	Risk Management		337			337
	Water Quality				787	787
Regional Offices	Accounting			123		123
	Administration		-			-
	Communications		1,348			1,348
	Engineering				16	16
	Finance			5,859		5,859
	Human Resources		166			166
	Legal	3,741				3,741
	Operations		1,501		2,095	3,596
	Risk Management		297			297
	Water Quality				32	32
Information Technology	Information Technology			8,783		8,783
Shared Services	Accounting			7,180		7,180
	Administration		255			255
	Finance			1,382		1,382
	Rates & Revenue			1,030		1,030
Total Hours Charged		**4,166**	**7,038**	**29,356**	**12,130**	**52,690**

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Kentucky-American Water Company
12 Months Ended September 30, 2009 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Accounting	$ 168,888	$ 5,552	$ 6,239	$ 180,679
Administration	$ 28,652	$ 6,822	$ 225,416	$ 260,891
Audit	$ 3,552	$ 1,389	$ 483	$ 5,424
Communications	$ 17,791	$ 9,265	$ 1,579	$ 28,635
Engineering	$ -	$ 200	$ 122	$ 322
Finance	$ 177,832	$ 16,245	$ 11,516	$ 205,593
Human Resources	$ 43,909	$ 12,075	$ 5,135	$ 61,119
Information Technology	$ 106,168	$ 18,146	$ 197,015	$ 321,329
Legal	$ 20,484	$ 2,520	$ 5,573	$ 28,577
Operations	$ 19,019	$ 82,351	$ 21,224	$ 122,593
Rates & Revenue	$ 10,685	$ 3,854	$ 2,679	$ 17,217
Risk Management	$ 1,312	$ 3,204	$ 4,049	$ 8,564
Water Quality	$ (1,050)	$ 4,017	$ 33,766	$ 36,733
Total	**$ 597,241**	**$ 165,640**	**$ 514,795**	**$ 1,277,676**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Attorney	$ 20,484	$ 2,520	$ 5,573	$ 28,577
Management Consultant	$ 95,374	$ 43,997	$ 243,378	$ 382,748
Certified Public Accountant	$ 467,125	$ 45,186	$ 217,932	$ 730,242
Professional Engineer	$ 14,259	$ 73,938	$ 47,913	$ 136,109
Total	**$ 597,241**	**$ 165,640**	**$ 514,795**	**$ 1,277,676**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among Kentucky certified public accounting firms, only more experienced staff are predominantly CPAs (see table below). Some Service Company employees also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

	Firm Size		
Position	Small	Medium	Large
Partners/Owners	97%	98%	99%
Directors (11+ years experience)	na	100%	86%
Managers (6-10 years experience)	na	72%	88%
Sr Associates (4-5 years experience)	na	25%	69%
Associates (1-3 years experience)	na	0%	24%
New Professionals	na	8%	1%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The Kentucky State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Kentucky attorneys. Therefore, an estimate of Kentucky attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 5, the average rate for each firm was adjusted for the cost of living differential between its location and Lexington, Kentucky. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to March 31, 2009—the midpoint of the test year ended September 30, 2009.

Management Consultants

The cost per hour for management consultants was developed from a 2009 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2008 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. The 2008 average rate was escalated to March 31, 2009—the midpoint of the 12 months ended September 30, 2009.

Certified Public Accountants

The average hourly rate for Kentucky CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The Kentucky version of this survey was used to develop hourly rates for member firms in Kentucky.

As shown in Exhibit 7, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to March 31, 2009—the test year's midpoint.

Professional Engineers

The Company provided hourly rate information for outside engineering firms that could have been used by KAWC in 2009. As presented in Exhibit 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Kentucky-American Water Company
Estimated Billing Rates For Kentucky Attorneys Based On Michigan and Massachusetts Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	86%	$ 361
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	86%	$ 422
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	86%	$ 390
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	86%	$ 305
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	98%	$ 285
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	127%	$ 160
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	98%	$ 304
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	112%	$ 196
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	86%	$ 430
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	140%	$ 198
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	140%	$ 146
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	98%	$ 234
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	140%	$ 205
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	97%	$ 273
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	149%	$ 238
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	149%	$ 318
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	149%	$ 237
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	117%	$ 274
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	117%	$ 233
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	149%	$ 220
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	149%	$ 200
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	149%	$ 240
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	149%	$ 324
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	149%	$ 164
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	149%	$ 203
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	139%	$ 208
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	149%	$ 194
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	149%	$ 206
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	149%	$ 167
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	118%	$ 169
							Overall Average 2007 Billing Rate		$ 250

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Billing Rate At March 31, 2009	**$ 253**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Lexington, Kentucky. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Lexington. A number less than 100 % indicates Lexington's cost of living is higher.

Kentucky-American Water Company
Billing Rates of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2008	210.2
CPI at March 31, 2009	212.7
Inflation/Escalation	1.2%
Average Hourly Billing Rate For Management Consultants At March 31, 2009	**$ 227**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Kentucky-American Water Company
Estimated Billing Rates Of Kentucky Certified Public Accountants

Survey billing rates were those in effect in 2007 (Note A)

Type of Firm	Average Hourly Billing Rate (Note A) Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 71	$ 90	$ 120	$ 146

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 71	$ 90	$ 120	$ 146	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 27	$ 24	$ 29	**$ 101**

Escalation to Midpoint of March 31, 2009 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Hourly Billing Rate For CPAs At March 31, 2009	**$ 103**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Kentucky edition)

Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.t

Kentucky-American Water Company
Estimated Billing Rates Of Kentucky Engineers

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$77	$86	$108	$175
Firm #2	$76	$84	$136	$164
Firm #3	$80	$102	$162	$207
Firm #4	$55	$86	$139	$190

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$72	$89	$136	$184	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$22	$31	$34	$18	**$105**

Source: Information provided by American Water Works Service Company

V – Question 2 – Provision of Services at the Lower of Cost or Market

Service Company versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended September 30, 2009		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 73	$ 253	$ (180)
Management Consultant	$ 189	$ 227	$ (38)
Certified Public Accountant	$ 96	$ 103	$ (7)
Professional Engineer	$ 89	$ 105	$ (16)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to KAWC during the 12-months ended September 30, 2009, outside service providers would have cost $1,409,800 more than the Service Company (see table below). Thus, on average, outside providers' hourly rates are 21% higher than those of the Service Company ($1,409,800 / $6,816,711).

	12 Months Ended September 30, 2009		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (180)	4,166	$ (748,260)
Management Consultant	$ (38)	7,038	$ (270,282)
Certified Public Accountant	$ (7)	29,356	$ (192,538)
Professional Engineer	$ (16)	12,130	$ (198,720)
Service Company Less Than Outside Providers			$ (1,409,800)

It should be noted that the cost differential associated with using outside providers is even greater because Service Company personnel do not charge for more than 8 hours per day even when they work more. Outside providers generally charge clients for all hours worked. If, for instance, Service Company personnel worked 5% overtime (2 hours) per week on KAWC's behalf, that would have amounted to over 2,600 additional hours of work during the 12 months ended September 30, 2009. Based on the hourly rate differentials above, this overtime would have added another $70,000 to the cost of using outside providers.

If KAWC were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform over 52,000 hours of work (more than 35 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing KAWC management team. Thus, it would be necessary for KAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individual that would fill this position would need a good understanding of each profession being managed. He/she must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add almost $150,000 per year to KAWC's personnel expenses.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Cost of Adding 1 Professional Position To KAWC's Staff

	Total
New Position's Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Cost of One Position	$ 149,400

Thus, the total effect on the ratepayers of KAWC of contracting all services now provided by Service Company would be an increase in their costs of $1,559,200 ($1,409,800 + $149,400). Based on the results of this comparison, it is possible to conclude that the Service Company charged KAWC at the lower of cost or market for services provided during the 12 months ended September 30, 2009.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Background

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of the Service Company's customer accounts services-related charges to KAWC with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, KAWC's charges from the Service Company for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 9 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Kentucky	• Duke Energy – Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Wheeling Power	
Virginia	• Appalachian Power	• Virginia Electric Power
Ohio	• Cleveland Electric • Columbus Southern Power • Dayton Power & Light • Duke Energy – Ohio	• Ohio Edison • Ohio Power • Toledo Edison
Missouri	• Aquila • Kansas City Power & Light	• Union Electric
Indiana	• Duke Energy – Indiana • Indiana Michigan Power	• Indianapolis Power & Light • NIPSCo
Illinois	• Central Illinois Light • Central Illinois Public Service • Commonwealth Edison	• Illinois Power • Interstate Power & Light • MidAmerica Energy

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Tennessee	• Kingsport Power

Kentucky-American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Kentucky-American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

KAWC Cost per Customer

As calculated below, KAWC's 12 months ended September 30, 2009 customer account services expense per customer was $28.35. The cost pool used to calculate this average includes charges for Service Company services (e.g., call center, billing, payment processing) and postage and forms expenses, which are incurred directly by KAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.32 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level.

Kentucky American Cost Per Customer		Year Ended 9/30/2009 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 1,728,850	$ 688,295	$ 2,417,145	
Operating Company	Customer payment processing			$ 151,772	Note B
Operating Company	Postage & forms			$ 784,459	
			Cost Pool Total	$ 3,353,376	
			Total Customers	118,279	
	12 Months Ended September 30, 2009 Cost Per KAWC Customer			**$ 28.35**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Call handling expenses		$ 765,328
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.32	
Percent different	90%	90%
Total Adjustment		$ 688,295

Note B: Estimated customer payment processing expenses

Number of customers	118,279
Number of payments/customer/year	12
Total payments processed/year	1,419,348
Bank charge per item	$ 0.1069
Total estimated annual expense	$ 151,772

Electric Utility Group Cost per Customer

Exhibit 10 shows the actual 2008 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Summary of Results

As shown in the table below, KAWC's cost per customer within a reasonable range of the average cost of the neighboring electric utility comparison group. It can therefore be concluded that KAWC's 12 months ended September 30, 2009 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to KAWC were comparable to those of other utilities.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	15.67
Interstate Power & Light	$	15.79
Virginia Electric Power	$	16.15
Monongahela Power	$	16.17
Dayton Power & Light	$	18.51
Ohio Edison	$	19.13
Cleveland Electric Illuminating	$	20.60
Indianapolis Power & Light	$	21.64
Union Electric	$	22.95
Illinois Power	$	23.26
Aquila	$	24.53
Toledo Edison	$	24.81
Central Illinois Public Service	$	25.71
Wheeling Power	$	26.12
Duke Energy Indiana	$	26.22
Comparison Group Average	**$**	**27.07**
Kansas City Power & Light	$	27.15
MidAmerican Energy	$	27.66
Kentucky American Water	**$**	**28.35**
Kentucky Utilities	$	28.42
Indiana Michigan Power	$	29.17
Duke Energy Kentucky	$	29.65
Central Illinois Light	$	30.33
Northern Indiana Public Service	$	30.72
Duke Energy Ohio	$	31.20
Ohio Power	$	31.70
Appalachian Power	$	32.57
Kingsport Power	$	32.60
Columbus Southern Power	$	35.11
Kentucky Power	$	36.02
Commonwealth Edison	$	39.29

Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Kentucky				Virginia	
		Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Appalachian Power	Virginia Electric Power
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 29,231,353	$ 32,985,338
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 1,894	$ -
Subtotal		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 29,233,247	$ 32,985,338
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 1,415,185	$ 3,978,170
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 548,440	$ 1,573,799
Total Cost Pool		**$ 3,993,358**	**$ 6,326,180**	**$ 15,248,292**	**$ 6,280,591**	**$ 31,196,872**	**$ 38,537,306**
Total Customers (page 304, line 43)		134,703	175,646	536,441	400,699	957,875	2,386,208
Customer Account Services Expense per Customer		**$ 29.65**	**$ 36.02**	**$ 28.42**	**$ 15.67**	**$ 32.57**	**$ 16.15**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 6,333,174	$ 4,765,373	$ 24,119,043	$ 22,418,737	$ 23,000,789	$124,252,946
Total O&M Payroll (page 355, line 65)		$ 35,107,273	$ 24,348,550	$ 67,918,514	$ 73,056,617	$116,519,186	$642,556,137
Benefits as Percent of Payroll		18.0%	19.6%	35.5%	30.7%	19.7%	19.3%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 2,613,424	$ 1,602,234	$ 7,181,104	$ 2,668,667	$ 8,480,076	$ 27,320,711
Gas (page 354, line 37)		$ 1,559,494	$ -	$ -	$ 2,175,749	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 4,172,918	$ 1,602,234	$ 7,181,104	$ 4,844,416	$ 8,480,076	$ 27,320,711
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 29,231,353	$ 32,985,338
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 1,894	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 29,233,247	$ 32,985,338
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 986,864	$ 993,970	$ 3,761,113	$ 2,034,678	$ 5,345,473	$ 10,819,819
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 4,162,383	$ 6,946,408	$ 16,611,683	$ 6,998,053	$ 34,578,720	$ 43,805,157
Percent Applicable to Customer Accounts Services (903 and 905)		76.3%	85.7%	77.4%	70.9%	84.5%	75.3%
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 7,169,154	$ 20,572,530
Pension & Benefits Pertaining to Customer Accounts Services		$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 1,415,185	$ 3,978,170
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 7,169,154	$ 20,572,530
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 548,440	$ 1,573,799

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Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Duke Energy - Ohio	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,516,027	$ 24,640,129	$ 8,648,983	$ 17,655,073	$ 20,713,551	$ 21,137,257	$ 6,909,201
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 531,238	$ 15,947	$ -	$ (256,106)	$ 579,775	$ 19,561	$ 213,136
Subtotal		$ 15,047,265	$ 24,656,076	$ 8,648,983	$ 17,398,967	$ 21,293,326	$ 21,156,818	$ 7,122,337
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	Note A	$ 243,960	$ 1,169,753	$ 547,426	$ 2,836,968	$ (1,852,176)	$ 1,008,466	$ 482,226
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 280,555	$ 401,794	$ 333,017	$ 1,229,505	$ 468,076	$ 387,630	$ 152,465
Total Cost Pool		**$ 15,571,780**	**$ 26,227,624**	**$ 9,529,426**	**$ 21,465,440**	**$ 19,909,226**	**$ 22,552,914**	**$ 7,757,028**
Total Customers (page 304, line 43)		755,807	747,099	514,882	687,930	1,040,518	711,447	312,642
Customer Account Services Expense per Customer		**$ 20.60**	**$ 35.11**	**$ 18.51**	**$ 31.20**	**$ 19.13**	**$ 31.70**	**$ 24.81**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 2,546,911	$ 13,054,219	$ 11,936,626	$ 34,365,193	$ (15,395,255)	$ 25,630,628	$ 4,035,809
Total O&M Payroll (page 355, line 65)		$ 38,286,937	$ 58,613,682	$ 94,920,691	$194,685,375	$ 50,858,052	$128,781,829	$ 16,679,734
Benefits as Percent of Payroll		6.7%	22.3%	12.6%	17.7%	-30.3%	19.9%	24.2%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 5,037,050	$ 6,281,750	$ 6,306,396	$ 14,312,049	$ 8,765,466	$ 6,394,108	$ 2,665,076
Gas (page 354, line 37)		$ -	$ -	$ -	$ 7,113,829	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 5,037,050	$ 6,281,750	$ 6,306,396	$ 21,425,878	$ 8,765,466	$ 6,394,108	$ 2,665,076
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,516,027	$ 24,640,129	$ 8,648,983	$ 17,655,073	$ 20,713,551	$ 21,137,257	$ 6,909,201
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 531,238	$ 15,947	$ -	$ (256,106)	$ 579,775	$ 19,561	$ 213,136
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 15,047,265	$ 24,656,076	$ 8,648,983	$ 17,398,967	$ 21,293,326	$ 21,156,818	$ 7,122,337
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,619,752	$ 4,833,074	$ 3,880,743	$ 5,795,966	$ 9,211,147	$ 5,540,885	$ 2,401,739
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 20,667,017	$ 29,489,150	$ 12,529,726	$ 23,194,933	$ 30,504,473	$ 26,697,703	$ 9,524,076
Percent Applicable to Customer Accounts Services (903 and 905)		72.8%	83.6%	69.0%	75.0%	69.8%	79.2%	74.8%
Customer Account Services Portion of Total Payroll		$ 3,667,381	$ 5,252,213	$ 4,353,161	$ 16,071,965	$ 6,118,641	$ 5,067,064	$ 1,993,009
Pension & Benefits Pertaining to Customer Accounts Services		$ 243,960	$ 1,169,753	$ 547,426	$ 2,836,968	$ (1,852,176)	$ 1,008,466	$ 482,226
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,667,381	$ 5,252,213	$ 4,353,161	$ 16,071,965	$ 6,118,641	$ 5,067,064	$ 1,993,009
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 280,555	$ 401,794	$ 333,017	$ 1,229,505	$ 468,076	$ 387,630	$ 152,465

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Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Missouri			Indiana			
		Aquila	Kansas City Power & Light	Union Electric	Duke Energy Indiana	Indiana Mich Power	Indianapolis Power & Light	NIPSCo
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,452,019	$ 11,197,895	$ 23,468,942	$ 17,986,550	$ 15,734,787	$ 8,284,813	$ 9,129,615
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,347	$ 4,657	$ 308,130	$ (233,182)	$ 142,897	$ 157,521	$ 158,834
Subtotal		$ 7,454,366	$ 11,202,552	$ 23,777,072	$ 17,753,368	$ 15,877,684	$ 8,442,334	$ 9,288,449
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,977,597	$ 2,386,936	$ 2,869,858	$ 2,046,539	$ 799,163	$ 1,360,502	$ 3,381,340
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 475,084	$ 448,997	$ 799,714	$ 560,144	$ 323,764	$ 329,537	$ 1,347,966
Total Cost Pool		**$ 9,907,047**	**$ 14,038,485**	**$ 27,446,644**	**$ 20,360,051**	**$ 17,000,611**	**$ 10,132,373**	**$ 14,017,755**
Total Customers (page 304, line 43)		403,879	516,978	1,196,119	776,647	582,769	468,203	456,302
Customer Account Services Expense per Customer		**$ 24.53**	**$ 27.15**	**$ 22.95**	**$ 26.22**	**$ 29.17**	**$ 21.64**	**$ 30.72**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 25,845,865	$ 63,342,544	$ 96,460,926	$ 49,637,989	$ 31,291,702	$ 33,892,398	$ 22,891,873
Total O&M Payroll (page 355, line 65)		$ 81,163,764	$155,753,238	$ 351,369,910	$177,595,604	$165,714,630	$107,311,441	$ 119,291,633
Benefits as Percent of Payroll		31.8%	40.7%	27.5%	28.0%	18.9%	31.6%	19.2%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 6,887,814	$ 8,022,470	$ 14,643,835	$ 10,335,603	$ 5,125,654	$ 7,218,568	$ 8,921,614
Gas (page 354, line 37)		$ 2,645,654	$ -	$ 3,496,597	$ -	$ -	$ -	$ 14,203,890
Total Payroll Charged to Customer Accounts		$ 9,533,468	$ 8,022,470	$ 18,140,432	$ 10,335,603	$ 5,125,654	$ 7,218,568	$ 23,125,504
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,452,019	$ 11,197,895	$ 23,468,942	$ 17,986,550	$ 15,734,787	$ 8,284,813	$ 9,129,615
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,347	$ 4,657	$ 308,130	$ (233,182)	$ 142,897	$ 157,521	$ 158,834
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 7,454,366	$ 11,202,552	$ 23,777,072	$ 17,753,368	$ 15,877,684	$ 8,442,334	$ 9,288,449
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 3,988,972	$ 4,109,830	$ 17,483,238	$ 7,306,480	$ 3,351,882	$ 5,704,871	$ 2,901,921
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 11,443,338	$ 15,312,382	$ 41,260,310	$ 25,059,848	$ 19,229,566	$ 14,147,205	$ 12,190,370
Percent Applicable to Customer Accounts Services (903 and 905)		65.1%	73.2%	57.6%	70.8%	82.6%	59.7%	76.2%
Customer Account Services Portion of Total Payroll		$ 6,210,247	$ 5,869,246	$ 10,453,784	$ 7,322,142	$ 4,232,208	$ 4,307,675	$ 17,620,471
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,977,597	$ 2,386,936	$ 2,869,858	$ 2,046,539	$ 799,163	$ 1,360,502	$ 3,381,340
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 6,210,247	$ 5,869,246	$ 10,453,784	$ 7,322,142	$ 4,232,208	$ 4,307,675	$ 17,620,471
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 475,084	$ 448,997	$ 799,714	$ 560,144	$ 323,764	$ 329,537	$ 1,347,966

Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Illinois					
		Central Illinois Light	Central Illinois Pub Service	Commonwealth Edison	Illinois Power	Interstate Power & Light	MidAmerican Energy
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,468,977	$ 8,826,365	$ 118,395,856	$ 12,193,518	$ 6,845,375	$ 14,926,857
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 228,479	$ 207,236	$ -	$ 455,279	$ 30,036	$ 292,025
Subtotal		$ 5,697,456	$ 9,033,601	$ 118,395,856	$ 12,648,797	$ 6,875,411	$ 15,218,882
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 467,069	$ 654,814	$ 26,429,619	$ 1,416,112	$ 1,069,042	$ 3,112,472
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 337,546	$ 408,318	$ 5,341,307	$ 506,754	$ 369,305	$ 1,600,713
Total Cost Pool		**$ 6,502,071**	**$ 10,096,733**	**$ 150,166,782**	**$ 14,571,662**	**$ 8,313,758**	**$ 19,932,067**
Total Customers (page 304, line 43)		214,343	392,680	3,822,023	626,530	526,600	720,661
Customer Account Services Expense per Customer		**$ 30.33**	**$ 25.71**	**$ 39.29**	**$ 23.26**	**$ 15.79**	**$ 27.66**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 3,980,881	$ 7,991,993	$ 121,698,929	$ 20,079,443	$ 22,576,821	$ 33,240,956
Total O&M Payroll (page 355, line 65)		$ 37,607,070	$ 65,143,952	$ 321,500,723	$ 93,926,786	$101,951,019	$223,470,422
Benefits as Percent of Payroll		10.6%	12.3%	37.9%	21.4%	22.1%	14.9%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 3,001,449	$ 5,415,977	$ 89,883,002	$ 6,938,167	$ 6,673,047	$ 16,132,340
Gas (page 354, line 37)		$ 2,899,863	$ 2,531,598	$ -	$ 4,147,119	$ 2,618,508	$ 14,617,265
Total Payroll Charged to Customer Accounts		$ 5,901,312	$ 7,947,575	$ 89,883,002	$ 11,085,286	$ 9,291,555	$ 30,749,605
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 5,468,977	$ 8,826,365	$ 118,395,856	$ 12,193,518	$ 6,845,375	$ 14,926,857
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 228,479	$ 207,236	$ -	$ 455,279	$ 30,036	$ 292,025
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 5,697,456	$ 9,033,601	$ 118,395,856	$ 12,648,797	$ 6,875,411	$ 15,218,882
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 1,922,600	$ 4,417,522	$ 34,019,237	$ 8,518,274	$ 6,357,744	$ 7,146,189
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 7,620,056	$ 13,451,123	$ 152,415,093	$ 21,167,071	$ 13,233,155	$ 22,365,071
Percent Applicable to Customer Accounts Services (903 and 905)		74.8%	67.2%	77.7%	59.8%	52.0%	68.0%
Customer Account Services Portion of Total Payroll		$ 4,412,365	$ 5,337,489	$ 69,821,005	$ 6,624,229	$ 4,827,515	$ 20,924,352
Pension & Benefits Pertaining to Customer Accounts Services		$ 467,069	$ 654,814	$ 26,429,619	$ 1,416,112	$ 1,069,042	$ 3,112,472
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 4,412,365	$ 5,337,489	$ 69,821,005	$ 6,624,229	$ 4,827,515	$ 20,924,352
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 337,546	$ 408,318	$ 5,341,307	$ 506,754	$ 369,305	$ 1,600,713

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Kentucky-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		West Virginia			Tennessee
		Appalachian Power	Monongahela Power	Wheeling Power	Kingsport Power
Customer Account Services Cost Pool					
FERC Account Balances:					
Acct 903 - Customer Records & Collection (page 322, line 161)			$ 5,020,473	$ 1,013,571	$ 1,473,158
Acct 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 286	$ 425
Subtotal			$ 5,020,473	$ 1,013,857	$ 1,473,583
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	Note A		$ 849,338	$ 46,865	$ 32,646
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B		$ 294,683	$ 18,802	$ 24,728
Total Cost Pool			**$ 6,164,494**	**$ 1,079,524**	**$ 1,530,957**
Total Customers (page 304, line 43)			381,193	41,334	46,961
Customer Account Services Expense per Customer		see Virginia	**$ 16.17**	**$ 26.12**	**$ 32.60**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 187)			$ 16,659,462	$ 402,736	$ 199,803
Total O&M Payroll (page 355, line 65)			$ 75,556,781	$ 2,112,138	$ 1,978,375
Benefits as Percent of Payroll			22.0%	19.1%	10.1%
Payroll Applicable to Customer Account Services					
Total Payroll Charged to Customer Accounts Function					
Electric (page 354, line 7)			$ 6,101,855	$ 339,964	$ 368,129
Gas (page 354, line 37)					$ -
Total Payroll Charged to Customer Accounts			$ 6,101,855	$ 339,964	$ 368,129
Percent Applicable to Customer Accounts Services (903 and 905):					
Acct 903 - Customer Records & Collection (page 322, line 161)			$ 5,020,473	$ 1,013,571	$ 1,473,158
Acct 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 286	$ 425
Subtotal - Total Charges Applicable to Customer Accounts Services			$ 5,020,473	$ 1,013,857	$ 1,473,583
Acct 902 - Meter Reading Expenses (page 322, line 160)			$ 2,932,203	$ 388,499	$ 204,604
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading			$ 7,952,676	$ 1,402,356	$ 1,678,187
Percent Applicable to Customer Accounts Services (903 and 905)			63.1%	72.3%	87.8%
Customer Account Services Portion of Total Payroll			$ 3,852,062	$ 245,783	$ 323,247
Pension & Benefits Pertaining to Customer Accounts Services			$ 849,338	$ 46,865	$ 32,646
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services					
Customer Account Services Portion of Total Payroll			$ 3,852,062	$ 245,783	$ 323,247
Employer's Portion of FICA (6.20%) and Medicare (1.45%)			7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA			$ 294,683	$ 18,802	$ 24,728

Group Average
$ 555,857,055
20,535,119
$ 27.07

Analysis of Services

The final aspect of this study was an assessment of whether the services that are provided to KAWC by the Service Company would be necessary if KAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for KAWC. Based on discussions with Service Company personnel, the matrix in Exhibit 11 was created showing which entity—KAWC or a Service Company location—is responsible for each of the functions KAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Exhibit 12, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to KAWC. For all of the services listed in Exhibit 12, there was only one entity that was primarily responsible for the service.

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	P				S		
Five-Year System Planning	P				S		
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	P				S		
Special Projects	P				S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P				S		
Special Projects	P				S		
Minor Projects	P						
Hydraulics Review	P				S		
Developers Extensions	P						
Tank Painting	P						
Water Quality and Purification							
Water Quality Standards Development					S		P
Research Studies	S				S		P
Water Quality Program Implementation	P				S		
Water Treatment Operations & Maintenance	P				S		
Compliance Tracking and Chemical Testing	P						S
Sample Collection and Other Testing	S				S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	P		S		S		
Customer Contact	S		P				
Call Processing			P				
Service Order Creation	S		P				
Service Order Processing	P		S				
Customer Credit			P				
Meter Reading	P					S	
Customer Bill Preparation			S			P	
Bill Collection	S		P			S	
Customer Payment Processing	S			P			
Meter Standards Development	S				P		
Meter Testing, Maintenance & Replacement	P						

Note A: KAWC provides in-person customer contact while Service Company call centers provide customer phone contact

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	P		S		S		
Financings--Equity	S		P		S		
Financings--Long Term Debt & Preferred (A)	S		P				
Short Term Lines of Credit Arrangements (A)	S				P		
Investor Relations			S		P		
Insurance Program Administration	S				P		
Loss Control/Safety Program Administration	P				S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	P		S				
O&M	P		S		S		
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges	S	S	S	S	P	S	S
Capital Budget Preparation—Projects	P						
Capital Budget Preparation—Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P						
Prepare Capital Project Budget Status Report	P						
Year-End Projections (A)	P						
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation—Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S			P			
Gross Receipts Taxes	S			P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	KAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	S		P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	P		S				
Labor Negotiations--Wages	P		S				
Labor Negotiations--Benefits					P		
Labor Negotiations-- Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	P						
Affirmative Action/EEO--Plan Development	P						
Affirmative Action/EEO--Implementation	P						
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration			P			S	
PC Acquisition & Support			P			S	
Help Desk			S			P	

Governance Practices Associated With Service Company Charges

There are several ways by which KAWC exercises control over Service Company services and charges. The most important of these are described below.

- **President of Regulated Operations Oversight** – The President of Regulated Operations is on the Executive Management Team (EMT) of American Water. This position is responsible for the overall performance of each operating company in American Water. As part of the EMT, the President of Regulated Operations has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The President of Regulated Operations also has dialogue with each operating company president to address local concerns.
- **Divisional Vice President & Treasurer** – The Divisional Vice President and Treasurer of the Eastern Division states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the division. The Vice President and Treasurer monitors the performance and reporting from the Service Company and follows up on instances where the quality and timeliness of services are not as expected. The operating company interacts with the Divisional VP & Treasurer to discuss any concerns with billings, etc.
- **Operating Company Board Oversight** – KAWC's board of directors includes members of American Water's EMT, members of the divisional management team and business and community leaders from outside the Company. KAWC's president is Chairman of the KAWC board. This helps ensure that KAWC's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – The President of Regulated Operations sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. KAWC's president also sits on the Service Company board.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the President of Regulated Operations. With input from the local presidents and Divisional Vice President & Treasurer, they have the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – KAWC Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. KAWC's financial manager has dialogue with Shared Services Center office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The KAWC Finance Manager prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.
- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored

for the month and year-to-date. Additional information exists that allows more detailed analysis of "Divisional" and "Corporate" Management Fees.

- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at two levels for all American Water companies, including all KAWC Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of KAWC, VP Finance, and others participate as necessary (e.g. KAWC operations managers and Rates Manager) and provide the data used in the monthly review schedules.

WITNESS: P.BARYENBRUCH

KENTUCKY AMERICAN WATER COMPANY

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during the 12 months ended September 30, 2009 to Kentucky American Water (KAWC). This study was undertaken in conjunction with KAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to Kentucky American Water Company ("KAWC"), each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2009. First, were the Service Company's charges to KAWC during the 12 months ended September 30, 2009 reasonable? Second, was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009? Third, were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call

Centers, comparable to those of other utilities? Fourth, are the services KAWC receives from Service Company necessary?

6. **Q. What conclusions were you able to draw concerning question number 1, whether the Service Company charges to KAWC were reasonable?**

A. The Service Company's 12 months ended September 30, 2009 cost per KAWC customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended September 30, 2009, KAWC was charged $55 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than KAWC's charges from the Service Company.

7. **Q. What conclusions were you able to draw concerning question number 2, whether KAWC was charged the lower of cost or market services provided by the Service Company?**

A. I was able to draw the following conclusions:

(1) KAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2009.

(2) On average, the hourly rates for outside service providers are 21% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by KAWC without careful supervision on the part of KAWC. If these services were

contracted entirely to outside providers, KAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended September 30, 2009, KAWC and its ratepayers would have incurred an additional $1,500,000 in expenses. This amount includes the higher cost of outside providers and the cost of a KAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to KAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company managerial and professional personnel, on the other hand, charge a maximum 8 hours per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1,500,000 cited above.

(6) It would be difficult for KAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from KAWC ratepayers.

8. Q. What conclusions were you able to draw concerning question number 3, whether the 12 months ended September 30, 2009 costs of the Service Company's customer account services, including those of the National Call Centers, were reasonable?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of KAWC. During the 12-months ended September 30, 2009, the customer accounts cost for KAWC customers was $28.35 compared to the 2008 average of $27.07 for neighboring electric utilities. The highest comparison group per customer cost was $39.29 and the lowest $15.67.

9. Q. What conclusions were you able to draw concerning question number 4, whether the services KAWC receives from the Service Company are necessary?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if KAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to KAWC.

10. Q. Does this complete your testimony?

A. Yes.

WITNESS: P.BARYENBRUCH

KENTUCKY AMERICAN WATER COMPANY
REBUTTAL TESTIMONY

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Did you previously file direct testimony in this case?

A. Yes, I filed direct testimony and a study that evaluated the reasonableness of charges from and the necessity of services provided by American Water Works Service Company, Inc. ("Service Company") to Kentucky American Water Company ("KAWC").

3. Q. Please describe the reason for your rebuttal testimony?

A. I am responding to a portion of the direct testimony of Ralph C. Smith, witness for the Kentucky Office of Attorney General.

4. Q. Which of Mr. Smith's comments do you wish to address?

A. I will respond to his criticisms of my study. These comments can be found in section VII on pages 81 and 82 of his testimony.

5. Q. Please state the purpose of the study you performed for KAWC?

A. My study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to Kentucky American Water Company ("KAWC"), each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2009. First, were the Service Company's charges to KAWC during the 12 months ended September 30, 2009 reasonable? Second, was KAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009? Third, were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call

Centers, comparable to those of other utilities? Fourth, are the services KAWC receives from Service Company necessary?

6. Q. How would you characterize Mr. Smith's comments on your study?

A. Mr. Smith spends ½ of a page trying to criticize my study, which is documented in a 40-page report that was filed with my direct testimony. His comments are conclusory statements that are, in some cases, factually incorrect.

7. Q. Which of Mr. Smith's comments are factually incorrect?

A. Regarding my study, Mr. Smith states "In general, it attempts to compare KAWC with electric utilities." Two of the four questions my study answers have absolutely nothing to do with comparisons to electric utilities. Question 2 determined if the Service Company charged KAWC the lower of cost or market rates charged by outside providers of similar services. Question 4 determined if the services provided by the Service Company were necessary and would be required by KAWC if it were a stand-alone company. With this statement, Mr. Smith attempts to paint with a broad brush to avoid constructing more specific and detailed arguments.

8. Q. For your study's question 1, do you compare KAWC with electric utilities?

A. Question 1 compares the Service Company's cost of administrative and general-type services to the costs of service companies that are part of utility holding companies. These service companies provide the same type of A&G services to their regulated electric and gas utility affiliates as the Service Company provides KAWC. Examples of such services include accounting, taxes, human resources, information technology and executive management. O&M-related charges are not included in my service company cost comparison because a water company's O&M activities (e.g., water treatment, transmission, distribution) are clearly

different than those of an electric utility (e.g., power generation, transmission and distribution). I might add that it is not possible to perform a cost comparison for only water utility service companies because their cost information is not publicly available. Service companies that are part of a utility holding company must file a Form 60 with the FERC. Information in the Form 60 is sufficiently detailed to allow me to isolate applicable A&G expenses and make a valid comparison. The service company comparison methodology I employed for the KAWC study is the same I have used in other cases and which has been accepted by regulators in other states as evidence of the reasonableness of a service company charges to regulated affiliates.

9. Q. For your study's question 3, do you compare KAWC with electric utilities?

A. Question 3 compares KAWC's cost of customer account services (bill printing, collection, payment processing) to those of neighboring electric utilities. The nature of these activities is similar for water utilities and electric utilities. I make this comparison in order to incorporate the Service Company's call center costs into my benchmark comparisons. Here too, there is no publicly available source of water company only customer account services costs, including charges from service company affiliates. As with question 1, this comparison approach has been accepted by regulators in other states as evidence of the reasonableness of service company charges.

10. Q. Would you comment on Mr. Smith's final sentence in his comments on your study?

A. In his concluding sentence, Mr. Smith states that my study "…really provides no useful insight as to whether affiliate Service Company charges to KAWC are reasonable or appropriate for inclusion in operating expenses in the current KAWC

rate case." While I have fully supported my conclusions, Mr. Smith has totally failed to provide any basis for his. I present a 40 page report containing significant detail, calculations and comparisons that support my conclusion that the Service Company's charges for the 12 months ended September 30, 2009 were reasonable. , Mr. Smith has simply constructed a generalized, and in some cases inaccurate, list of criticisms that seem like an after-thought to the rest of his work on this case.

11. Q. Does this complete your rebuttal testimony?

A. Yes.

Market Cost Comparison of Service Company Charges Provided to New Jersey American Water Company, Inc.

12 Months Ended June 30, 2007

Baryenbruch & Company, LLC

New Jersey American
Market Cost Comparison of Service Company Charges
12 Months Ended June 30, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to New Jersey American Water Company, Inc. (NJAWC):

1. Was NJAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended June 30, 2007?

2. Were the 12 months ended June 30, 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services NJAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- NJAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2007.

- On average, the hourly rates for outside service providers are **66% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by NJAWC without careful supervision on the part of NJAWC. If these services were contracted entirely to outside providers, NJAWC would have to add at least two positions to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12 months ended June 30, 2007, NJAWC and its ratepayers would have incurred an **additional $17.9 million** in expenses. This amount includes the higher cost of outside providers and the cost of two NJAWC positions needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantage that accrues to NJAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $17.9 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (only 2 hours per week), then that work would have cost over $800,000 in additional charges from outside providers.

- It would be difficult for NJAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NJAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is close to the average of the comparison group of electric utilities in New Jersey and surrounding states**. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to NJAWC are reasonable. As will be explained further herein, these companies provide a reasonable proxy group for comparison to a regulated utility of the size and scope of NJAWC. During the 12 months ended June 30, 2007, the customer accounts cost for NJAWC customers was $31.02 compared to the 2006 average of $27.70 for neighboring electric utilities. The highest comparison group per customer cost was $61.67 and the lowest $12.22.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Works Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Central Services – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in the second quarter of 2001 and a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of NJAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional/Divisional Offices – Regional and Divisional offices provide operating companies with certain support services that can be performed more effectively on a regional or divisional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, legal, human resources and operations. There are four regional offices—Northeast, Southeast, Central and West. Examples of divisional office services include administration, operation and customer support and security. Currently there is one divisional office, the Eastern Division which oversees the Northeast and Southeast regions.

- Laboratory Services – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees

- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Overhead	X	X	These are primarily employee benefit costs that relate directly to labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges.

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries.

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet (see example in Schedule 1) that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable).

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

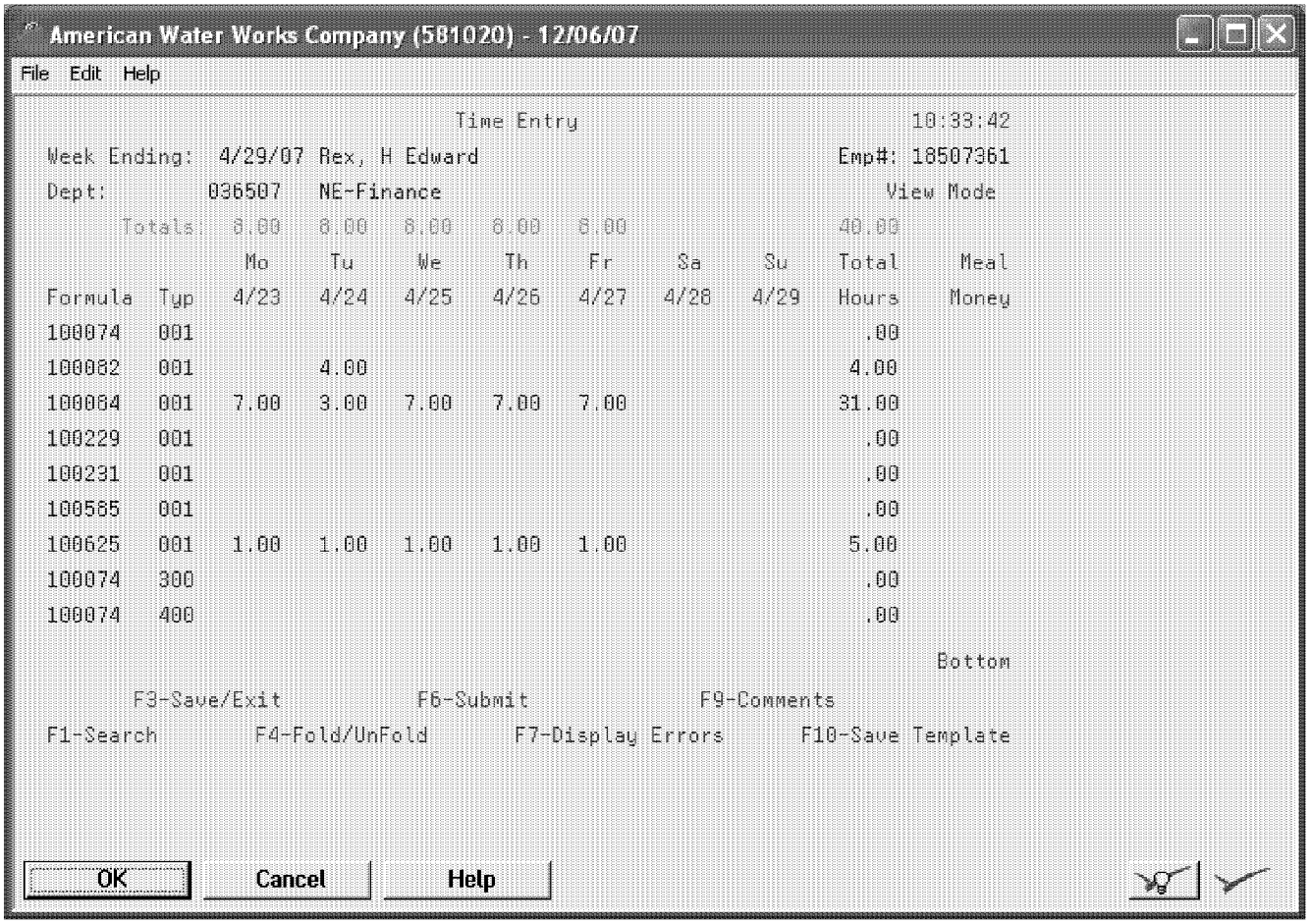
Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 25% of the Northeast Region professional labor is assigned to NJAWC during a month, then 25% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 25% of the Northeast Region accumulated professional and support labor is charged to NJAWC during the month, then 25% of that month's overhead expenses will be assigned to NJAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 25% of professional labor from one Service Company office is assigned to NJAWC, then 25% of that office's office expenses would be assigned to NJAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

Sample Electronic Time Sheet



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III – Service Company Cost Comparison Approach

During the 12 months ended June 30, 2007, the Service Company charged NJAWC $34,866,623. For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down by these categories as follows:

	12 Months Ended June 30, 2007	
	Amount	Hours
Management and Professional Services	$ 26,691,726	294,000
Customer Account Services	$ 8,174,897	256,156
Total	$ 34,866,623	550,156

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to NJAWC during the 12 months ended June 30, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing NJAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to NJAWC. A determination was then made as to whether these services would be required if NJAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys - legal services
- Certified Public Accountants - accounting, financial, information technology and rates and revenues
- Professional Engineers - engineering, operations and water quality services.

It should be noted that the services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to NJAWC during the 12 months ended June 30, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged NJAWC during the 12 months ended June 30, 2007, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedules 2 and 3 (pages 10-11) details the assignment of 12 months ended June 30, 2007 management and professional Service Company charges and hours by outsider provider category.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 12 months ended June 30, 2007 non-labor Service Company charges:

- Contract Services – 12 months ended June 30, 2007 Service Company charges to NJAWC include over $2.2 million in charges associated with the use of outside

professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended June 30, 2007 Service Company charges to NJAWC are charges from the IT Service Centers for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the systems.

Schedule 4 (page 12) shows how computer hardware/software, contract services and travel expense-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 2, 3 and 4, the Service Company's equivalent costs per hour for the 12 months ended June 30, 2007 are calculated below.

	12 Months Ended June 30, 2007				
	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 1,260,479	$ 8,800,100	$ 13,893,353	$ 2,737,793	$ 26,691,726
Less:					
Contract services	24,154	604,264	1,537,948	51,306	2,217,672
Travel expenses	31	84,744	241,460	7,149	333,384
Computer hardware/software	11,442	92,693	55,223	14,866	174,224
Net Service Charges (A)	$ 1,224,852	$ 8,018,399	$ 12,058,722	$ 2,664,472	$ 23,966,446
Total Hours (B)	13,140	77,725	170,370	32,764	294,000
Average Hourly Rate (A / B)	**$ 93**	**$ 103**	**$ 71**	**$ 81**	

New Jersey American

Analysis of 12 Months Ended June 30, 2007 Service Company Managerial And Professional Charges By Location And Function

Location	Function	12 Months Ended June 30, 2007 Service Company Charges									
		Attorney		Management Consultant		Certified Public Accountant		Professional Engineer		Total	
Belleville Lab	Water Quality							$	935,280	$	935,280
Call Center	Human Resources			$	189,788					$	189,788
Corporate	Accounting					$	1,040,525			$	1,040,525
	Administration	$	76,724	$	1,818,168	$	994,804	$	191,311	$	3,081,007
	Audit					$	216,365			$	216,365
	Communications			$	445,789					$	445,789
	Engineering							$	99,495	$	99,495
	Finance					$	936,017			$	936,017
	Human Resources			$	965,479					$	965,479
	Legal	$	424,723							$	424,723
	Operations			$	641,623			$	535,241	$	1,176,864
	Rates & Revenue					$	463,811			$	463,811
	Risk Management			$	289,199					$	289,199
	Water Quality							$	251,239	$	251,239
Regional Offices	Accounting					$	142,787			$	142,787
	Administration			$	1,624,713					$	1,624,713
	Communications			$	295,821					$	295,821
	Engineering							$	176,985	$	176,985
	Finance					$	1,612,612			$	1,612,612
	Human Resources			$	736,643					$	736,643
	Legal	$	759,032							$	759,032
	Operations			$	457,038			$	402,135	$	859,173
	Risk Management			$	754,897					$	754,897
	Water Quality							$	146,106	$	146,106
Information Technology	Audit					$	64,617			$	64,617
	Information Technology					$	5,888,078			$	5,888,078
Shared Services	Accounting					$	2,168,785			$	2,168,785
	Administration			$	580,942					$	580,942
	Finance					$	225,627			$	225,627
	Rates & Revenue					$	139,327			$	139,327
Total Dollars Charged		**$**	**1,260,479**	**$**	**8,800,100**	**$**	**13,893,353**	**$**	**2,737,793**	**$**	**26,691,726**

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New Jersey American

Analysis of 12 Months Ended June 30, 2007 Service Company Managerial And Professional Hours By Location And Function

Location	Function	12 Months Ended June 30, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				13,474	13,474
Call Center	Human Resources		2,492			2,492
Corporate	Accounting			14,987		14,987
	Administration		6,733			6,733
	Audit			3,230		3,230
	Communications		2,585			2,585
	Engineering				1,556	1,556
	Finance			10,231		10,231
	Human Resources		12,634			12,634
	Legal	3,001				3,001
	Operations		4,438		7,344	11,782
	Rates & Revenue			2,466		2,466
	Risk Management		2,560			2,560
	Water Quality				4,685	4,685
Regional Offices	Accounting			2,911		2,911
	Administration		9,164			9,164
	Communications		5,960			5,960
	Engineering				1,817	1,817
	Finance			23,468		23,468
	Human Resources		11,243			11,243
	Legal	10,139				10,139
	Operations		4,983		2,994	7,977
	Risk Management		11,678			11,678
	Water Quality				895	895
Information Technology	Audit			1,250		1,250
	Information Technology			50,838		50,838
Shared Services	Accounting			51,530		51,530
	Administration		3,255			3,255
	Finance			6,915		6,915
	Rates & Revenue			2,546		2,546
Total Hours Charged		**13,140**	**77,725**	**170,370**	**32,764**	**294,000**

New Jersey American

12 Months Ended June 30, 2007 Service Company Charges Excludable From The Hourly Rate Calculation – Computer HW/SW, Contract Services and Travel Expenses

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 623,960	$ 9,044	$ 9,260	$ 642,264	Certified Public Accountant
Administration	$ 105,941	$ (4,129)	$ 41,305	$ 143,117	Management Consultant
Audit	$ 8,898		$ 2,149	$ 11,047	Certified Public Accountant
Communications	$ 101,469	$ 1,202	$ 1,976	$ 104,647	Management Consultant
Engineering	$ 16	$ 545	$ 1,205	$ 1,766	Professional Engineer
Finance	$ 270,315	$ 5,761	$ 16,077	$ 292,153	Certified Public Accountant
Human Resources	$ 308,699	$ 16,906	$ 22,391	$ 347,996	Management Consultant
Information Technology	$ 604,304	$ 226,566	$ 22,822	$ 853,692	Certified Public Accountant
Legal	$ 24,154	$ 31	$ 11,442	$ 35,627	Attorney
Operations	$ 81,230	$ 5,490	$ 26,448	$ 113,168	Management Consultant, Professional Engineer
Rates & Revenue	$ 30,471	$ 89	$ 4,915	$ 35,475	Certified Public Accountant
Risk Management	$ 17,691	$ 69,626	$ 9,961	$ 97,278	Management Consultant
Water Quality	$ 40,524	$ 2,253	$ 4,273	$ 47,050	Professional Engineer
Total	**$ 2,217,672**	**$ 333,384**	**$ 174,224**	**$ 2,725,280**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 24,154	$ 31	$ 11,442	$ 35,627
Management Consultant	$ 604,264	$ 84,744	$ 92,693	$ 781,701
Certified Public Accountant	$ 1,537,948	$ 241,460	$ 55,223	$ 1,834,631
Professional Engineer	$ 51,306	$ 7,149	$ 14,866	$ 73,321
Total	**$ 2,217,672**	**$ 333,384**	**$ 174,224**	**$ 2,725,280**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The New Jersey Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for New York or Pennsylvania attorneys. Therefore, a New Jersey estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 5, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Trenton, New Jersey. The survey includes rates that were in effect at December 31, 2006—the midpoint of the 12 months ended June 30, 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The 2005 average rate was escalated to December 31, 2006—the midpoint of the 12 months ended June 30, 2007.

Certified Public Accountants

The average hourly rate for New Jersey certified public accountants was developed from a 2006 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in New Jersey. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 7. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005, thus they had to be escalated to December 31, 2006—the midpoint of the 12 months ended June 30, 2007.

Professional Engineers

The Service Company provided hourly rate information for three outside engineering firms that were used by NJAWC in 2007. As presented in Schedule 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

New Jersey American
Estimated Billing Rates Of New Jersey Attorneys

Billing rates as of December 31, 2006 (Note A)														
Firm	Michigan Location	Number Of Mich Lawyers	Billing Rate Range Associate			Partner			Average			Cost of Living Adjust (C)	Adjusted Rate	
Dickinson Wright PLLC	Detroit	218	$	223		$	395		$	309		80%	$	384
Butzel Long	Detroit	212	$	283		$	385		$	334		80%	$	415
Bodman LLP	Detroit	130	$	170		$	353		$	261		80%	$	325
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$	195		$	363		$	279		92%	$	304
Trott & Trott, PC	Bingham Farms	57	$	170		$	235		$	203		119%	$	170
Brooks Kushman PC	Southfield	52	$	218		$	378		$	298		92%	$	324
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$	170		$	270		$	220		106%	$	208
Pepper Hamilton LLP	Detroit	31	$	258		$	478		$	368		80%	$	457
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$	218		$	338		$	278		132%	$	211
Strobl & Sharp, PC	Bloomfield Hills	26	$	160		$	250		$	205		132%	$	156
Kupelian Ormond & Magy, PC	Southfield	24	$	180		$	278		$	229		92%	$	249
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$	190		$	385		$	288		132%	$	218
McShane & Bowie PLC	Grand Rapids	22	$	218		$	313		$	265		91%	$	291
												Overall Average at December 31, 2006	$	286
												Average Billing Rate At December 31, 2006 - the midpoint of 12 months ended June 30, 2007	**$**	**286**

Note A: Source is Michigan Lawyers Weekly, April 2007
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Trenton, NJ. A number over 100% indicates the Michigan city's cost of living is higher than Trenton. A number less than 100% indicates Trenton's cost of living is higher.

New Jersey American
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2007 (Note B)	
CPI at December 31, 2005	196.8
CPI at December 31, 2006	201.8
Inflation/Escalation	2.5%
Estimated Average Hourly Billing Rate For New Jersey CPAs At December 31, 2006	**$ 217**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

New Jersey American
Estimated Billing Rates Of New Jersey Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 64	$ 90	$ 109	$ 166

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 64	$ 90	$ 109	$ 166	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 19	$ 27	$ 22	$ 33	$ 101

Escalation to Test Year Mid-Point June 30, 2007 (Note B)	
CPI at December 31, 2005	196.8
CPI at December 31, 2006	201.8
Inflation/Escalation	2.5%
Estimated Average Hourly Billing Rate For New Jersey CPAs At December 31, 2006	**$ 104**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

New Jersey American
Billing Rates Of New Jersey Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$65	$93	$144	$185
Firm #2	$71	$88	$133	$165
Firm #3	$85	$98	$128	$173
Firm #4	$59	$81	$113	$152
Firm #5	$64	$86	$117	$160

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$69	$89	$127	$167	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$21	$31	$32	$17	**$100**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended June 30, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 93	$ 286	$ (193)
Management Consultant	$ 103	$ 217	$ (114)
Certified Public Accountant	$ 71	$ 104	$ (33)
Professional Engineer	$ 81	$ 100	$ (19)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to NJAWC during the 12 months ended June 30, 2007, outside service providers would have cost almost $9 million more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are 66% higher than those of the Service Company ($17,662,967 / $26,691,726).

	12 Months Ended June 30, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (193)	13,140	$ (2,533,145)
Management Consultant	$ (114)	77,725	$ (8,858,090)
Certified Public Accountant	$ (33)	170,370	$ (5,659,800)
Professional Engineer	$ (19)	32,764	$ (611,932)
Service Company Less Than Outside Providers			$ (17,662,967)

If NJAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 294,000 hours of work (almost 196 full-time equivalents at 1,500 billable hours per FTE) would add a significant workload to the existing NJAWC management team. Thus, it would be necessary for NJAWC to add at least two positions to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $304,000 per year to NJAWC's personnel expenses.

Cost of Adding Administrative Positions To NJAM's Staff

	Per Position	Total
New Positions' (2) Salary	$ 100,000	$ 200,000
Benefits (at 52%)	$ 52,000	$ 104,000
Total Cost of the New Positions		$ 304,000

Thus, the total effect on the ratepayers of NJAWC of contracting all services now provided by Service Company would be an increase in their costs of **$17,966,967** ($17,662,967 + $304,000).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These survey results provide further evidence that the Service Company arrangement is the lowest-cost alternative for NJAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Center with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, NJAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 8 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

New Jersey American
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

New Jersey American
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

New Jersey	• Atlantic City Electric • Jersey Central Power	• Public Service Electric & Gas • Rockland Electric
New York	• Central Hudson Gas & Electric • Consolidated Edison • New York State Electric & Gas	• Niagara Mohawk Electric Power • Rochester Gas & Electric
Pennsylvania	• Duquesne Light • Metropolitan Edison • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric Utilities • West Penn Power
Delaware	• Delmarva Power & Light	

Comparison Approach

The basis for this comparison is customer account services expenses per customer. NJAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, NJAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
IT Service Centers
a. Support expenses for the customer information system (ORCOM)
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

NJAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to NJAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.28 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, NJAWC's adjusted annual expense per customer is $31.02—the number that can be compared to neighboring electric utilities' expenses.

New Jersey American 12-Months Ended June 30, 2007 Cost Per Customer

Cost Component		YE 6/30/07 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 7,972,957	$ 7,599,224	$ 15,572,181	
Regional Offices		$ 201,941		$ 201,941	
IT/Data Centers	Bill preparation/systems support	$ 1,465,922		$ 1,465,922	
Service Company	Customer payment processing			$ 592,816	Note B
Operating Company	Postage & forms			$ 1,513,501	
			Cost Pool Total	$ 19,346,361	
			Total Customers	623,754	
	12 Months Ended June 30, 2007 Cost Per New Jersey American Customer			**$ 31.02**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test Period Call Center charges		$ 7,972,957
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.28	
Percent different	95%	95%
Total Adjustment B		$ 7,599,224

Note B: Estimated customer payment processing expenses

Number of customers	623,754
Number of payments/customer/year	9
Total payments processed/year	5,613,786
Bank charge per item	$ 0.1056
Total estimated annual expense	$ 592,816

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2006 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, NJAWC's cost per customer is close to the average of the electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to NJAWC are reasonable.

Customer Account Services Expenses Per Customer	
Public Service Electric & Gas	$12.22
West Penn Power Company	$12.82
Duquesne Light Company	$15.97
Metropolitan Edison Company	$18.17
Jersey Central Power & Light Company	$18.18
Pennsylvania Electric Company	$18.24
Pennsylvania Power Company	$18.88
PPL Electric Utilities Corporation	$21.13
Rochester Gas & Electric Corporation	$22.61
Comparison Group Average	**$ 28.90**
New Jersey American Water	**$ 31.02**
Niagra Mohawk Power Corporation	$31.14
Central Hudson Gas & Electric Company	$33.67
New York State Electric & Gas Corporation	$34.00
Consolidated Edison Company	$39.40
PECO Energy Company	$46.18
Atlantic City Electric Company	$47.65
Delmarva Power & Light Company	$49.05
Rockland Electric Company	$61.67

New Jersey American
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		New York				
		Central Hudson Gas & Electric	Consolidated Edison	New York State Electric & Gas	Niagra Mohawk Power	Rochester Gas & Electric
Customer Account Management Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 6,494,641	$ 110,493,688	$ 26,065,553	$ 34,953,004	$ 7,483,349
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 2,140,632	$ 431,503	$ 1,675,828	$ 170,071	$ 339,392
Subtotal		$ 8,635,273	$ 110,925,191	$ 27,741,381	$ 35,123,075	$ 7,822,741
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 663,215	$ 7,659,454	$ 102,319	$ 8,667,824	$ 33,277
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 493,524	$ 7,624,334	$ 1,666,371	$ 2,158,145	$ 272,425
Total Cost Pool		**$ 9,792,012**	**$ 126,208,980**	**$ 29,510,071**	**$ 45,949,044**	**$ 8,128,443**
Total Customers (page 304, line 43)		290,818	3,203,541	868,027	1,475,451	359,450
Customer Account Management Expense per Customer		**$ 33.67**	**$ 39.40**	**$ 34.00**	**$ 31.14**	**$ 22.61**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,820,791	$ 90,050,950	$ 920,181	$ 106,795,887	$ 711,608
Total Payroll (page 355, line 96)		$ 76,075,245	$ 1,171,739,190	$ 195,896,937	$ 347,587,065	$ 76,153,339
Total Benefits as Percent of Payroll		10.3%	7.7%	0.5%	30.7%	0.9%
Payroll Charged to Customer Accts Expenses (page 354, line 7)		$ 6,451,295	$ 99,664,499	$ 21,782,630	$ 28,211,045	$ 3,561,117
Pension & Benefits Pertaining to Customer Accts Expenses		$ 663,215	$ 7,659,454	$ 102,319	$ 8,667,824	$ 33,277
Note B: Calculation of Employer's Payroll Taxes Pertaining to Cust. Acct Mgmt						
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 6,451,295	$ 99,664,499	$ 21,782,630	$ 28,211,045	$ 3,561,117
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA and Medicare		$ 493,524	$ 7,624,334	$ 1,666,371	$ 2,158,145	$ 272,425

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New Jersey American
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Pennsylvania						
		Duquesne Light	Metropolitan Edison	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric Utilities	West Penn Power
Customer Account Management Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 7,634,097	$ 9,516,468	$ 40,468,327	$ 10,307,858	$ 2,695,070	$ 27,134,401	$ 6,853,000
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ -	$ 29,309	$ 27,371,284	$ 145,765	$ 164,238	$ 853,743	$ -
Subtotal		$ 7,634,097	$ 9,545,777	$ 67,839,611	$ 10,453,623	$ 2,859,308	$ 27,988,144	$ 6,853,000
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 942,864	$ (156,116)	$ 2,582,413	$ (233,705)	$ 20,983	$ (421,998)	$ 1,600,005
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 774,174	$ 389,377	$ 1,226,378	$ 512,931	$ 109,507	$ 1,465,959	$ 609,671
Total Cost Pool		**$ 9,351,135**	**$ 9,779,038**	**$ 71,648,402**	**$ 10,732,849**	**$ 2,989,797**	**$ 29,032,104**	**$ 9,062,676**
Total Customers (page 304, line 43)		585,678	538,150	1,551,632	588,437	158,369	1,374,143	707,058
Customer Account Management Expense per Customer		**$ 15.97**	**$ 18.17**	**$ 46.18**	**$ 18.24**	**$ 18.88**	**$ 21.13**	**$ 12.82**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 11,293,383	$ (1,607,694)	$ 36,771,159	$ (2,325,076)	$ 213,351	$ (4,477,514)	$ 16,519,390
Total Payroll (page 355, line 96)		$ 121,213,914	$ 52,416,051	$ 228,267,677	$ 66,706,308	$ 14,555,089	$ 203,323,024	$ 82,282,405
Total Benefits as Percent of Payroll		9.3%	-3.1%	16.1%	-3.5%	1.5%	-2.2%	20.1%
Payroll Charged to Customer Accts Expenses (page 354, line 7)		$ 10,119,924	$ 5,089,896	$ 16,031,080	$ 6,704,976	$ 1,431,461	$ 19,162,860	$ 7,969,557
Pension & Benefits Pertaining to Customer Accts Expenses		$ 942,864	$ (156,116)	$ 2,582,413	$ (233,705)	$ 20,983	$ (421,998)	$ 1,600,005
Note B: Calculation of Employer's Payroll Taxes Pertaining to Cust. Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 10,119,924	$ 5,089,896	$ 16,031,080	$ 6,704,976	$ 1,431,461	$ 19,162,860	$ 7,969,557
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA and Medicare		$ 774,174	$ 389,377	$ 1,226,378	$ 512,931	$ 109,507	$ 1,465,959	$ 609,671

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New Jersey American
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		New Jersey				Maryland	
		Atlantic City Electric	Jersey Central Power	Public Service Electric & Gas	Rockland Electric	Delmarva Power & Light	Group Average
Customer Account Management Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 24,360,761	$ 18,137,299	$ 51,331,875	$ 2,525,652	$ 22,995,724	$ 409,450,767
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 60,019	$ 317,275	$ (38,270,688)	$ 1,101,219	$ 132,342	$ (3,338,068)
Subtotal		$ 24,420,780	$ 18,454,574	$ 13,061,187	$ 3,626,871	$ 23,128,066	$ 406,112,699
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	Note A	$ 947,498	$ 228,567	$ 9,333,579	$ 753,502	$ 1,435,423	$ 34,159,102
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 191,087	$ 910,077	$ 3,341,394	$ 43,024	$ 582,624	$ 22,371,002
Total Cost Pool		**$ 25,559,366**	**$ 19,593,218**	**$ 25,736,160**	**$ 4,423,397**	**$ 25,146,113**	**$ 462,642,803**
Total Customers (page 304, line 43)		536,415	1,077,948	2,106,886	71,726	512,673	16,006,402
Customer Account Management Expense per Customer		**$ 47.65**	**$ 18.18**	**$ 12.22**	**$ 61.67**	**$ 49.05**	**$ 28.90**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,744,878	$ 2,299,610	$ 108,710,276	$ 12,688,468	$ 13,589,355	
Total Payroll (page 355, line 96)		$ 57,325,558	$ 119,689,986	$ 508,731,548	$ 9,470,456	$ 72,101,692	
Total Benefits as Percent of Payroll		37.9%	1.9%	21.4%	134.0%	18.8%	
Payroll Charged to Customer Accts Expenses (page 354, line 7)		$ 2,497,870	$ 11,896,435	$ 43,678,354	$ 562,401	$ 7,615,995	
Pension & Benefits Pertaining to Customer Accts Expenses		$ 947,498	$ 228,567	$ 9,333,579	$ 753,502	$ 1,435,423	$ 34,159,102
Note B: Calculation of Employer's Payroll Taxes Pertaining to Cust. Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 2,497,870	$ 11,896,435	$ 43,678,354	$ 562,401	$ 7,615,995	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA and Medicare		$ 191,087	$ 910,077	$ 3,341,394	$ 43,024	$ 582,624	$ 22,371,002

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VI - Need For Service Company Services

Analysis Of Service Company Services

The final aspect of this study was an assessment of whether the services that are provided to NJAWC by the Service Company would be necessary if NJAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for NJAWC. Based on discussions with Service Company personnel, the matrix in Schedule 11 was created showing which entity--NJAWC or a Service Company location--is responsible for each of the functions NJAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 11, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NJAWC	Customer Call Center	Regional/ Divisional Office	Shared Services	Central Services	IT Service Centers	Laboratory Services
Engineering and Construction Management							
CPS Preparation	P				S		
Five-Year System Planning	P		S				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	P				S		
Special Projects	P		S		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P		S				
Special Projects	P		S				
Minor Projects	P						
Hydraulics Review	P						
Developers Extensions	P						
Tank Painting	P		S				
Water Quality and Purification							
Water Quality Standards Development	P		S		S		S
Research Studies	S		S		P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Sampling	P		S				S
Testing/Other Sampling (2 Ps = different studies)	P		S		S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing	S	P					
Service Order Processing	P	S					
Customer Credit	S	P					
Meter Reading	P						
Customer Bill Preparation		P				S	
Bill Collection	S	P					
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P						

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NJAWC	**Customer Call Center**	Regional/ Divisional Office	**Shared Services**	Central Services	**IT Service Centers**	Laboratory Services
Financial Management							
Financial Planning	S		P		S		
Financings—Equity					S		
Financings--Long Term Debt & Preferred (A)							
Short Term Lines of Credit Arrangements (A)							
Investor Relations					P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	P		S		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue and O&M	P						
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P		S				
Capital Budget Preparation--Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P						
Prepare Capital Project Budget Status Report	P		S				
Year-End Projections	P		S				
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes			S	P			
Gross Receipts Taxes			S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NJAWC	Customer Call Center	Regional/ Divisional Office	Shared Services	Central Services	IT Service Centers	Laboratory Services
Rates							
Rate Studies & Tariff Change Administration	S		P	S			
Rate Case Planning and Preparation	S		P	S			
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development			S		P		
Benefits Program Administration			P	S			
Management Compensation Administration			P		S		
Wage & Salary Program Design			S		P		
Wage & Salary Administration			P		S		
Labor Negotiations--Wages			P				
Labor Negotiations--Benefits			P		S		
Labor Negotiations-- Work Rules			P				
Training Program Development			P		S		
Training--Course Delivery			P				
Affirmative Action/EEO--Plan Development			P				
Affirmative Action/EEO--Implementation			P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk						P	

Governance Practices Associated With Service Company Charges

There are several ways by which NJAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Company President Oversight** – The Company President of the state utility is responsible for the overall performance of each operating company in the state. As part of the management team, through the Executive Vice President of the Eastern Division, each state utility President has a significant voice in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending.
- **Vice President & Treasurer** – The Vice President and Treasurer position retains the functions previously performed on behalf of the Northeast Region. The Vice President and Treasurer is responsible for the financial reporting, performance and internal controls of the New Jersey and New York operating companies. The Vice President and Treasurer monitor the performance and reporting from the Service Company and pushes back whenever the quality and service are not appropriate.
- **Operating Company Board Oversight** – The board of directors includes members of American Water's EMT, members of the state management team and business and community leaders from outside the Company. This helps ensure that NJAWC's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – Every operating company president sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Executive Vice President. The Executive Vice President, with significant input from the state President and local management team, has the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – Operating company personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Any mistakes or overcharges are credited on a subsequent billing.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows budget versus actual spending for the month and year-to-date by cost category.
- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date.
- **Capital Investment Management** (CIM) – CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water and Thames Water. The current CIM process and procedures were established in 2003 as part of an initiative to implement leading water industry practices. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital

program, approving project spending, delivering projects and measuring outputs. CIM ensures that:

- Capital expenditure plans are aligned with the strategic intent of the business,
- The impact of capital expenditure and income plans are fully reflected in operating expense plans,
- The impacts of these plans are understood and affordable, and
- Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all NJAWC operating units.

BARYENBRUCH PT-15

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), Pacific Gas & Electric Company and Southern California Edison.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company ("Service Company") during the 12 months ended June 30, 2007 to New Jersey American Water Company, Inc (NJAWC). This study was undertaken in conjunction with NJAWC's rate case and is accurate and reliable to the best of my knowledge and belief. The study is attached as the Appendix to Exhibit PT-15.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions. First, was NJAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended June 30, 2007? Second, were the 12 months ended June 30, 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services NJAWC receives from Service Company necessary?

NEW JERSEY-AMERICAN WATER COMPANY, INC.

6. Q. What conclusions were you able to draw concerning question number 1, whether NJAWC was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) NJAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2007.

(2) On average, the hourly rates for outside service providers are 66% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by NJAWC without careful supervision on the part of NJAWC. If these services were contracted entirely to outside providers, NJAWC would have to add at least two positions to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12 months ended June 30, 2007, NJAWC and its ratepayers would have incurred an additional $17.9 million in expenses. This amount includes the higher cost of outside providers and the cost of two NJAWC positions needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantage that accrues to NJAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $17.9 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (only 2 hours per week), then that work would have cost over $800,000 in additional charges from outside providers.

(6) It would be difficult for NJAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NJAWC ratepayers.

7. **Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to NJAWC?**

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is close to the

average of the comparison group of neighboring electric utilities. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of NJAWC. During the 12-months ended June 30, 2007, the customer accounts cost for NJAWC customers was $31.02 compared to the 2006 average of $27.70 for neighboring electric utilities. The highest comparison group per customer cost was $61.67 and the lowest $12.22.

8. Q. Does it concern you that NJAWC's cost per customer for customer account services is slightly higher than the electric utility comparison group?

A. No. I am satisfied that NJAWC's comparative position is completely acceptable for two reasons. First, I have included every appropriate cost element in the calculation of NJAWC's customer account services cost pool. Second, some of the comparison group electric utilities may follow accounting policies that cause their cost pools to be higher or lower than that of NJAWC. Even though electric utilities follow the FERC's Uniform System of Accounts, there is still some discretion as to how transactions are recorded. For instance, one utility may record the IT support costs for their customer information system to FERC account 903 Customer Records and Collections Expenses while another utility records that type of expense to a different FERC account. This probably accounts for some of the wide range in per customer costs among the electric utilities.

9. Q. What conclusions were you able to draw concerning the necessity of the services NJAWC receives from the Service Company?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Schedule 11 of my study, there was only one entity that was primarily responsible for the service.

10. Q. Does this complete your testimony?

A. Yes.

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE JOINT PETITION OF

NEW JERSEY-AMERICAN WATER COMPANY, INC.,

FOR APPROVAL OF INCREASED TARIFF RATES

AND CHARGES FOR WATER AND SEWER SERVICE

AND OTHER TARIFF REVISIONS

B.P.U. Docket No. WR08_____

O.A.L. Docket No. PUC

Direct Testimony of

Patrick L. Baryenbruch

Exhibit PT-15

Market Cost Comparison of Service Company Charges to New Jersey American Water Company

12-Months Ended June 30, 2009

New Jersey American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended June 30, 2009

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I – Introduction

Purpose of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to New Jersey American Water Company (NJAWC):

1. Were the Service Company's charges to NJAWC during the 12 months ended June 30, 2009 reasonable?

2. Was NJAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended June 30, 2009?

3. Were the 12 months ended June 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services NJAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusion was reached:

- The Service Company's 12 months ended June 30, 2009 cost per NJAWC customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended June 30, 2009, NJAWC was charged $49 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than NJAWC's charges from the Service Company.

Concerning question 2, the following conclusions were drawn from this study:

- NJAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2009.

- On average, the hourly rates for outside service providers are 75% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by NJAWC without careful supervision on the part of NJAWC. If these services were contracted entirely to outside providers, NJAWC would have to add at least two positions to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended June 30, 2009, NJAWC and its ratepayers would have incurred more than $20.6 million in additional expenses. This amount includes the higher cost of outside providers and the cost of two NJAWC positions needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to NJAWC from its use of the Service Company. Outside service providers generally bill

for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $20.6 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $1.0 million in additional charges from outside providers.

- It would be difficult for NJAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NJAWC ratepayers.

Concerning question 3, the following conclusion was reached:

- The cost of the Service Company's customer accounts services, including those provided by the National Call Centers, is well below the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and NJAWC. During the 12-months ended June 30, 2009, the customer accounts cost for NJAWC customers was $26.33 compared to the 2008 average of $43.23 for neighboring electric utilities. The highest comparison group per customer cost was $83.88 and the lowest $12.54.

Concerning question 4, the following conclusions was drawn:

- The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

- Furthermore, there is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Exhibit 11, there was only one entity primarily responsible for the service.

Overview of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding their own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like NJAWC, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of NJAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include legal, communication, human resources and maintenance.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial

services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company
- Formula number
- Work order (where applicable)
- Authorization number (where applicable)

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

II – Background

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Formula number (this is linked to operating company within American Water's financial system)
- Employee hours worked
- Account number for non-labor charges

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 10% of American Water's Shared Services' professional labor is assigned to NJAWC during a month, then 10% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 10% of the Shared Services' accumulated professional and support labor is charged to NJAWC during the month, then 10% of that month's overhead expenses will be assigned to NJAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to NJAWC, then 2% of that office's office expenses would be assigned to NJAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended June 30, 2009, the Service Company billed NJAWC $34,094,415 in O&M-related charges and $2,541,741 in capital-related charges. Included in the O&M amount are certain non-recurring expenses which are excluded from this market study because NJAWC is not seeking their recovery. As calculated in the table below, net testable Service Company charges of $36,550,356 were subjected to a market cost comparison.

	12 Months Ended June 30, 2009
Mgmt Fee Expense (O&M)	$ 34,094,415
Add/Subtract: Non-Recurring Items	
Sarbanes-Oxley	$ 9,117
Divestiture Support	$ 19,012
Business Change	$ (113,929)
Net O&M Expenses	$ 34,008,615
Mgmt Fees - Capital	$ 2,541,741
Total Testable AWWSC Charges	**$ 36,550,356**

For purposes of comparing these charges to certain outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended June 30, 2009	
	Amount	Hours
Management and Professional Services	$ 26,876,116	261,863
Customer Account Services	$ 9,674,240	278,715
Total	$ 36,550,356	540,578

This study's first question—whether Service Company 12 months ended June 30, 2009 charges were reasonable—was determined by comparing NJAWC's A&G-related Service Company charges per customer to the same charges for utility companies that must file the FERC Form 60 – Annual Report of Service Companies.

The second question—whether Service Company charges during the 12 months ended June 30, 2009 were at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to NJAWC during the 12 months ended June 30, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

III – Service Company Cost Comparison Approach

The third question—whether Service Company's 12 months ended June 30, 2009 customer account services charges, including National Call Center costs, were comparable to other utilities—was addressed by comparing NJAWC's customer accounts services expenses to those of neighboring investor owned electric utilities. This utility comparison group was selected because the cost of outside providers of customer accounts services is proprietary and not publicly available. Comparison to electric utilities is appropriate because all utilities, regardless of service type, must perform customer account services activities, including updating customer records for meter reads, printing and mailing bills, and the collection and processing of customer payments. Electric utility costs are available from the Federal Energy Regulatory Commission (FERC) Form 1, thus there is appropriate data transparency. The selection of electric utilities from New Jersey and neighboring states provides a sufficiently sized comparison group.

The fourth question—the necessity of Service Company services—was investigated by defining the services provided to NJAWC and determining if these services would be required if NJAWC were a stand-alone utility.

NJAWC's Service Company Cost per Customer

During the 12 months ended June 30, 2009, NJAWC was charged $49 per customer by the Service Company for A&G/O&M-related services. The calculation of this amount, shown in the table below, starts with total net testable Service Company charges and adjusts for capital and non-A&G functions (engineering, operations and water quality) charges. These adjustments are necessary to develop a per customer cost that is comparable to cost of utility service companies.

	12 Months ended Jun 30, 2009 AWWSC Charges
Testable Service Company charges	$ 36,550,356
Less: Capital charges	$ (2,541,741)
Less: Non-A&G function O&M charges	
Engineering	$ (4,153)
Operations	$ (1,232,226)
Water Quality	$ (1,277,188)
Net A&G/O&M-related charges	$ 31,495,047
NJAWC customers	638,458
NJAWC Cost Per Customer	**$ 49**

Comparison Group Cost Per Customer

Every centralized service company in a holding company system subject to regulation by the FERC must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

For 2008, a Form 60 was filed by 24 utility service companies, all of which serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to those of American Water Works Service Company, it was necessary to isolate expenses that that they have in common. These include A&G-related charges associated with the following FERC accounts:

901 – Supervision	921 – Office supplies and expenses
903 – Customer records and collection expenses	923 – Outside services employed
905 – Miscellaneous customer accounts expenses	926 – Employee pensions and benefits
907 – Supervision	928 – Regulatory commission expenses
910 – Misc customer service and info expenses	930.2 – Miscellaneous general expenses
911 – Supervision	931 – Rents
920 - Administrative and general salaries	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service

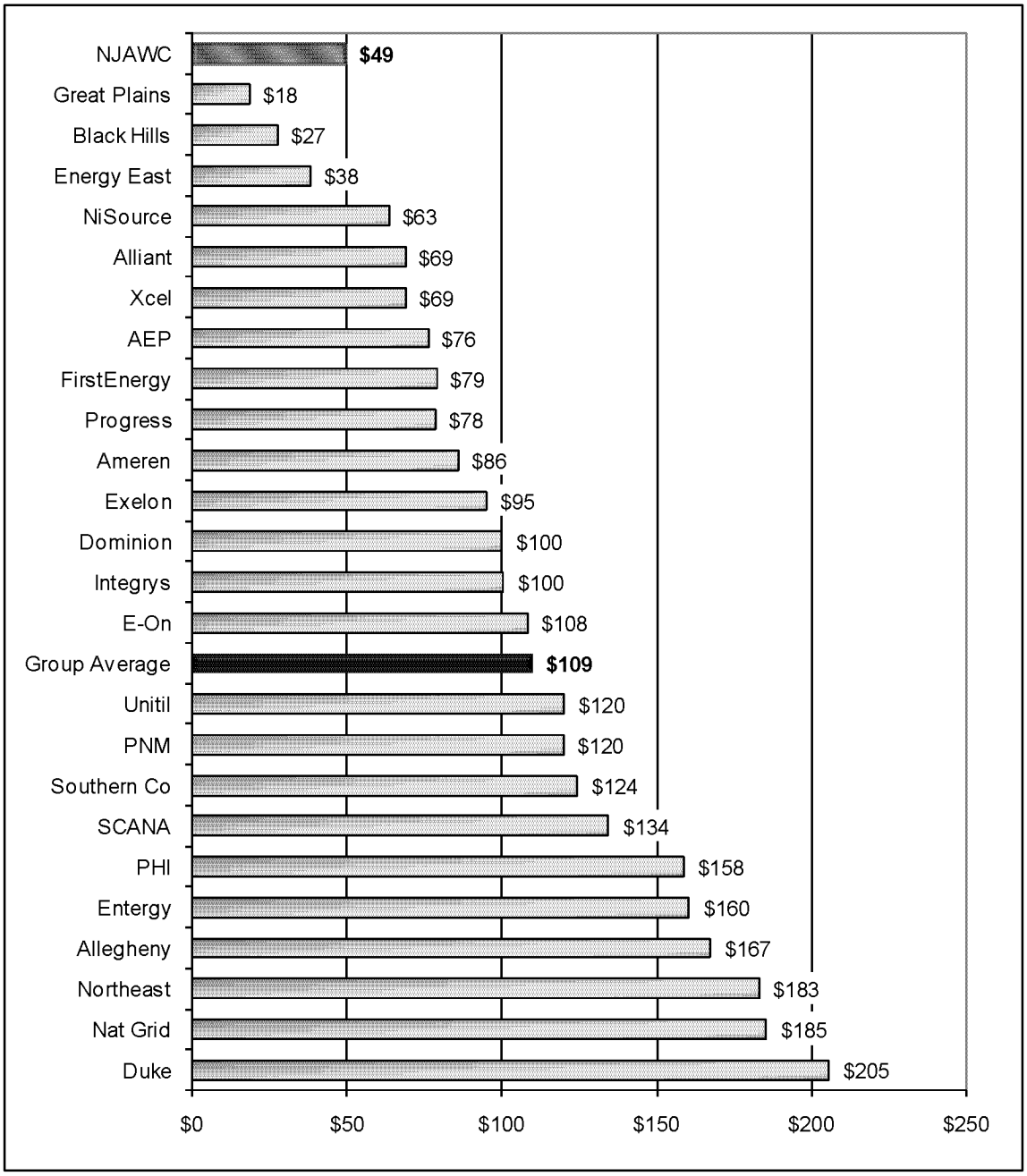
customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

IV – Question 1 – Reasonableness of Service Company Charges

A&G expenses per regulated utility customer for the 24 utility companies that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$396,340,118	5,213,000	$ 76
Allegheny	$263,588,707	1,577,873	$ 167
Alliant	$205,754,832	3,000,000	$ 69
Ameren	$291,684,710	3,400,000	$ 86
Black Hills	$20,763,828	759,400	$ 27
Dominion	$357,718,046	3,588,500	$ 100
Duke	$923,936,645	4,500,000	$ 205
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$432,575,683	2,700,000	$ 160
E-On	$136,276,177	1,263,000	$ 108
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$354,028,109	4,499,000	$ 79
Great Plains	$15,000,708	820,000	$ 18
Integrys	$216,364,166	2,157,000	$ 100
Nat Grid	$1,240,706,398	6,700,000	$ 185
NiSource	$237,380,009	3,750,000	$ 63
Northeast	$302,138,730	1,654,000	$ 183
PHI	$302,463,412	1,910,000	$ 158
Progress	$242,677,256	3,100,000	$ 78
PNM	$102,688,385	859,000	$ 120
SCANA	$191,207,825	1,424,300	$ 134
Southern Co	$546,498,605	4,402,000	$ 124
Unitil	$20,341,422	169,600	$ 120
Xcel	$367,626,617	5,345,000	$ 69
Group Total	**$7,840,162,191**	**71,666,473**	**$ 109**

Exhibit 1 shows NJAWC's 12 months ended June 30, 2009 Service Company cost per customer of $49 to be considerably lower than the average of $109 per customer for the comparison group service companies. Only 3 of 24 comparison group service companies had a lower cost per customer than NJAWC. Based on this result, it is possible to conclude that the Service Company's 12 months ended June 30, 2009 charges to NJAWC were reasonable.


NJAWC $49
Great Plains $18
Black Hills $27
Energy East $38
NiSource $63
Alliant $69
Xcel $69
AEP $76
FirstEnergy $79
Progress $78
Ameren $86
Exelon $95
Dominion $100
Integrys $100
E-On $108
Group Average $109
Unitil $120
PNM $120
Southern Co $124
SCANA $134
PHI $158
Entergy $160
Allegheny $167
Northeast $183
Nat Grid $185
Duke $205
$0
$50
$100
$150
$200
$250

V – Question 2 – Provision of Services at the Lower of Cost or Market

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to NJAWC during the 12 months ended June 30, 2009. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged NJAWC during the 12 months ended June 30, 2009, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Exhibit 2 (page 14) details the assignment of 12 months ended June 30, 2009 management and professional Service Company charges by outsider provider category. Exhibit 3 (page 15) shows the same assignment for Service Company management and professional hours charged to NJAWC during the 12 months ended June 30, 2009.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following the 12 months ended June 30, 2009 test period non-labor Service Company charges:

V – Question 2 – Provision of Services at the Lower of Cost or Market

- Contract Services – 12 months ended June 30, 2009 Service Company charges to NJAWC include expenses associated with the use of outside professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Information Technology Infrastructure Expenses – Included in the 12 months ended June 30, 2009 Service Company charges to NJAWC are leases, maintenance fees and depreciation related to American Water's enterprise mainframe, server and network infrastructure and corporate business applications. An outside provider that would take over operation of this infrastructure would recover these expenses over and above the labor necessary to operate the data center.

Exhibit 4 (page 16) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Exhibits 2 and 3 and the excludable items shown in Exhibit 4, the Service Company's equivalent costs per hour for the 12 months ended June 30, 2009 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 1,289,713	$ 6,715,215	$ 15,836,670	$ 3,034,517	$ 26,876,116
Less:					
Contract services	$ 103,830	$ 603,363	$ 2,308,124	$ 45,772	$ 3,061,089
Travel expenses	$ 16,222	$ 180,663	$ 229,293	$ 69,761	$ 495,939
IT infrastructure expenses	$ 29,263	$ 1,138,413	$ 1,154,115	$ 271,414	$ 2,593,205
Net Service Charges (A)	$ 1,140,398	$ 4,792,776	$ 12,145,138	$ 2,647,570	$ 20,725,882
Total Hours (B)	11,798	43,874	170,127	36,064	261,863
Average Hourly Rate (A / B)	**$ 97**	**$ 109**	**$ 71**	**$ 73**	

New Jersey American Water Company
Analysis of 12 Months Ended June 30, 2009 Service Company Charges By Location And Function

Location	Function	12 Months Ended June 30, 2009 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 1,045,491	$ 1,045,491
Call Center	Human Resources		$ 219,676			$ 219,676
Corporate	Accounting			$ 2,722,924		$ 2,722,924
	Administration		$ 1,802,739			$ 1,802,739
	Audit			$ 267,702		$ 267,702
	Communications		$ 452,662			$ 452,662
	Finance			$ 1,176,087		$ 1,176,087
	Human Resources		$ 1,141,750			$ 1,141,750
	Information Technology			$ 32,293		$ 32,293
	Legal	$ 500,439				$ 500,439
	Operations		$ 626,699		$ 1,197,574	$ 1,824,273
	Rates & Revenue			$ 380,077		$ 380,077
	Risk Management		$ 364,964			$ 364,964
	Water Quality				$ 402,465	$ 402,465
Regional Offices	Accounting			$ 87,173		$ 87,173
	Administration		$ 392,698			$ 392,698
	Communications		$ 193,179			$ 193,179
	Engineering				$ 4,446	$ 4,446
	Finance			$ 2,023,612		$ 2,023,612
	Human Resources		$ 435,930			$ 435,930
	Legal	$ 789,274				$ 789,274
	Operations		$ 2,163		$ 382,216	$ 384,379
	Risk Management		$ 519,317			$ 519,317
	Water Quality				$ 2,324	$ 2,324
Information Technology	Information Technology			$ 6,811,780		$ 6,811,780
Shared Services	Accounting			$ 1,874,588		$ 1,874,588
	Administration		$ 563,438			$ 563,438
	Finance			$ 274,526		$ 274,526
	Rates & Revenue			$ 185,908		$ 185,908
Total Dollars Charged		**$ 1,289,713**	**$ 6,715,215**	**$ 15,836,670**	**$ 3,034,517**	**$ 26,876,116**

New Jersey American Water Company
Analysis of 12 Months Ended June 30, 2009Service Company Hours By Location And Function

Location	Function	12 Months Ended June 30, 2009 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				14,164	14,164
Call Center	Human Resources		3,054			3,054
Corporate	Accounting			25,945		25,945
	Administration		2,910			2,910
	Audit			3,049		3,049
	Communications		2,494			2,494
	Finance			7,857		7,857
	Human Resources		11,425			11,425
	Information Technology			129		129
	Legal	2,572				2,572
	Operations		3,040		13,508	16,548
	Rates & Revenue			2,659		2,659
	Risk Management		3,812			3,812
	Water Quality				5,756	5,756
Regional Offices	Accounting			1,942		1,942
	Administration		-			-
	Communications		2,429			2,429
	Engineering				1	1
	Finance			22,334		22,334
	Human Resources		3,557			3,557
	Legal	9,226				9,226
	Operations		-		2,600	2,600
	Risk Management		8,353			8,353
	Water Quality				35	35
Information Technology	Information Technology			54,406		54,406
Shared Services	Accounting			41,990		41,990
	Administration		2,798			2,798
	Finance			7,334		7,334
	Rates & Revenue			2,484		2,484
Total Hours Charged		**11,798**	**43,874**	**170,127**	**36,064**	**261,863**

New Jersey American Water Company
12 Months Ended June 30, 2009 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Accounting	$ 1,278,626	$ 34,534	$ 36,330	$ 1,349,490
Administration	$ 174,667	$ 32,716	$ 1,031,167	$ 1,238,550
Audit	$ 15,915	$ 7,738	$ 3,614	$ 27,267
Communications	$ 86,761	$ 26,828	$ 7,684	$ 121,273
Engineering	$ -		$ 92	$ 92
Finance	$ 480,276	$ 55,290	$ 37,588	$ 573,154
Human Resources	$ 290,659	$ 59,085	$ 29,823	$ 379,567
Information Technology	$ 464,626	$ 111,153	$ 1,062,871	$ 1,638,650
Legal	$ 103,830	$ 16,222	$ 29,263	$ 149,315
Operations	$ 59,999	$ 76,965	$ 119,584	$ 256,548
Rates & Revenue	$ 68,681	$ 20,578	$ 13,712	$ 102,971
Risk Management	$ 37,246	$ 32,848	$ 37,738	$ 107,832
Water Quality	$ (198)	$ 21,983	$ 183,740	$ 205,524
Total	**$ 3,061,089**	**$ 495,939**	**$ 2,593,205**	**$ 6,150,234**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Attorney	$ 103,830	$ 16,222	$ 29,263	$ 149,315
Management Consultant	$ 603,363	$ 180,663	$ 1,138,413	$ 1,922,440
Certified Public Accountant	$ 2,308,124	$ 229,293	$ 1,154,115	$ 3,691,532
Professional Engineer	$ 45,772	$ 69,761	$ 271,414	$ 386,947
Total	**$ 3,061,089**	**$ 495,939**	**$ 2,593,205**	**$ 6,150,234**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among New Jersey certified public accounting firms, only more experienced staff are predominantly CPAs (see table below). Some Service Company employees also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

Position	New Jersey Average
Partners/Owners	97%
Directors (11+ years experience)	73%
Managers (6-10 years experience)	97%
Sr Associates (4-5 years experience)	59%
Associates (1-3 years experience)	26%
New Professionals	na

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The New Jersey State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for New Jersey attorneys. Therefore, an estimate of New Jersey attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 5, the average rate for each firm was adjusted for the cost of living differential between its location and Trenton, New Jersey. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to December 31, 2008—the midpoint of the test year ended June 30, 2009.

Management Consultants

The cost per hour for management consultants was developed from a 2009 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2008 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level.

Certified Public Accountants

The average hourly rate for New Jersey CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The New Jersey version of this survey was used to develop hourly rates for member firms in New Jersey.

As shown in Exhibit 7, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to December 31, 2008—the midpoint of the test year ended June 30, 2009.

Professional Engineers

The Company provided hourly rate information for outside engineering firms that could have been used by NJAWC in 2009. As presented in Exhibit 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

New Jersey American Water Company
Estimated Billing Rates For New Jersey Attorneys Based On Michigan and Massachusetts Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)								Cost of	
		Number	Billing Rate Range					Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	80%	$ 384
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	80%	$ 450
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	80%	$ 415
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	80%	$ 325
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	92%	$ 304
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	119%	$ 170
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	92%	$ 324
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	106%	$ 208
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	80%	$ 457
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	132%	$ 211
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	132%	$ 156
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	92%	$ 249
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	132%	$ 218
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	91%	$ 291
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	139%	$ 253
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	139%	$ 339
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	139%	$ 253
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	110%	$ 292
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	110%	$ 249
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	139%	$ 235
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	139%	$ 213
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	139%	$ 255
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	139%	$ 345
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	139%	$ 175
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	139%	$ 216
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	131%	$ 222
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	139%	$ 206
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	139%	$ 220
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	139%	$ 177
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	111%	$ 180
							Overall Average 2007 Billing Rate		$ 266

Escalation to the Test Year's Mid-Point (December 31, 2008) (Note B)	
CPI at December 31, 2007	210.0
CPI at December 31, 2008	210.0
Inflation/Escalation	0.0%
Average Billing Rate At December 31, 2008	**$ 266**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Trenton, New Jersey. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Trenton. A number less than 100 % indicates Trenton's cost of living is higher.

New Jersey American Water Company
Billing Rates of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Avg Hourly Rate For Management Consultants At December 31, 2008 (test year mid-point) **$ 224**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

New Jersey American Water Company
Estimated Billing Rates Of New Jersey Certified Public Accountants

Survey billing rates in effect in 2007 (Note A)

Type of Firm	Average Hourly Billing Rate (Note A)			
	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 96	$ 133	$ 177	$ 194

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 96	$ 133	$ 177	$ 194	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 29	$ 40	$ 35	$ 39	**$ 143**

Escalation to the Test Year's Mid-Point (December 31, 2008) (Note B)	
CPI at December 31, 2007	210.0
CPI at December 31, 2008	210.0
Inflation/Escalation	0.0%
Average Hourly Billing Rate For CPAs At December 31, 2008	**$ 143**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (New Jersey edition)

Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

New Jersey American Water Company
Estimated Billing Rates Of New Jersey Engineers

Billing rates in effect in 2009

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
	Technician	Engineer Design Engineer	Project Manager	Officer
Name of Firm	Senior Technician	Project Engineer	Sr. Mgr. Engineer	Principal Engineer
Firm #1	$67	$81	$122	$162
Firm #2	$56	$70	$126	$163
Firm #3	$65	$93	$152	$200
Firm #4	$71	$89	$140	$175
Firm #5	$85	$98	$133	$200
Firm #6	$64	$86	$126	$175

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Technician	Engineer Design Engineer	Project Manager	Officer	
	Senior Technician	Project Engineer	Sr. Mgr. Engineer	Principal Engineer	
Average Hourly Billing Rate (From Above)	$68	$86	$133	$179	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$20	$30	$33	$18	**$102**

Source: Information provided by American Water Works Service Company

V – Question 2 – Provision of Services at the Lower of Cost or Market

Service Company versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended June 30, 2009		
Service Provider	Service Company	Outside Provider	Difference-- Service Co. Greater(Less) Than Outside
Attorney	$ 97	$ 266	$ (170)
Management Consultant	$ 109	$ 224	$ (115)
Certified Public Accountant	$ 71	$ 143	$ (72)
Professional Engineer	$ 73	$ 102	$ (28)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to NJAWC during the 12-months ended June 30, 2009, outside service providers would have cost $20,240,390 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are 75% higher than those of the Service Company ($20,240,390 / $26,876,116).

	12 Months Ended June 30, 2009		
Service Provider	Hourly Rate Difference-- Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (170)	11,798	$ (2,002,519)
Management Consultant	$ (115)	43,874	$ (5,055,494)
Certified Public Accountant	$ (72)	170,127	$(12,165,996)
Professional Engineer	$ (28)	36,064	$ (1,016,381)
Service Company Less Than Outside Providers			$(20,240,390)

It should be noted that the cost differential associated with using outside providers is even greater because Service Company personnel do not charge for more than 8 hours per day even when they work more. Outside providers generally charge clients for all hours worked. If, for instance, Service Company personnel worked 5% overtime (2 hours) per week on NJAWC's behalf, that would have amounted to over 13,000 additional hours of work during the 12 months ended June 30, 2009. Based on the hourly rate differentials above, this overtime would have added another $1,012,000 to the cost of using outside provider.

If NJAWC were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform over 264,000 hours of work (more than 176 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing NJAWC management team. Thus, it would be necessary for NJAWC to add at least two positions to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add more than $300,000 per year to NJAWC's personnel expenses.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Cost of Adding 2 Professional Positions To NJAWC's Staff

	Total
New Positions' Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Cost per Position	$ 164,600
Number of Positions	2
Total Cost of Two Positions	$ 329,200

Thus, the total effect on the ratepayers of NJAWC of contracting all services now provided by Service Company would be an increase in their costs of $20,569,590 ($20,240,390 + $329,200). Based on the results of this comparison, it is possible to conclude that the Service Company charged NJAWC at the lower of cost or market for services provided during the 12 months ended June 30, 2009.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Background

Customer Accounts Services involve the processes that occur from the time meter read data is recorded in the customer information system through the printing and mailing of bills through the collection and processing of customer payments. Customer Accounts Services are accomplished by the following utility functions:

- Customer Call Center Operations – customer calls/contact, credit, order taking/disposition, bill collection efforts and outage calls
- Customer Call Center Maintenance – support of phone banks, voice recognition units, call center software applications and telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – processing customer payments at locations where customers can pay their bills in person

Neighboring electric utility cost information comes from the FERC Form 1 that each utility that is subject to FERC regulation, must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 9 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

New York	• Central Hudson Gas & Elect • Consolidated Edison • New York State Elect & Gas	• Niagra Mohawk Power • Orange & Rockland Utilities • Rochester Gas & Electric
Pennsylvania	• Duquesne Light • Metropolitan Edison • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric Utilities • West Penn Power
New Jersey	• Atlantic City Electric • Jersey Central Power	• Public Service Electric & Gas
Maryland	• Delmarva Power & Light	

New Jersey American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

New Jersey American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

NJAWC Cost per Customer

As calculated below, NJAWC's 12 months ended June 30, 2009 customer account services expense per customer was $26.33. The cost pool used to calculate this average includes charges for Service Company services (e.g., call center, billing, payment processing) and postage and forms expenses, which are incurred directly by NJAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.32 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level.

New Jersey American Water Company

Cost Component		Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 9,663,854	$ 3,513,016	$13,176,870	
Regional Offices		$ 10,386		$ 10,386	
Service Company	Customer payment processing			$ 819,780	(B)
Operating Company	Postage & forms			$ 2,806,407	
			Cost Pool Total	$16,813,442	
			Total Customers	638,458	
Year Ended June 30, 2009 Cost Per New Jersey American Customer				**$ 26.33**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Call handling expenses		$ 3,906,184
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.32	
Percent different	90%	90%
Total Adjustment		$ 3,513,016

Note B: Estimated customer payment processing expenses

Number of customer bills	7,661,496
Bank charge per item	$ 0.1070
Total estimated annual expense	$ 819,780

Electric Utility Group Cost per Customer

Exhibit 10 shows the actual 2008 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Summary of Results

As shown in the table below, NJAWC's cost per customer is well below the average cost of the neighboring electric utility comparison group. It can therefore be concluded that NJAWC's 12 months ended June 30, 2009 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to NJAWC were comparable to those of other utilities.

Customer Account Services Expenses Per Customer	
West Penn Power Company	$12.54
Pennsylvania Electric Company	$14.28
Pennsylvania Power Company	$15.69
Metropolitan Edison Company	$15.79
Jersey Central Power & Light Company	$15.99
Duquesne Light Company	$17.17
New Jersey American Water	**$26.33**
Rochester Gas & Electric Corporation	$26.62
PPL Electric Utilities Corporation	$28.02
Niagra Mohawk Power Corporation	$31.14
New York State Electric & Gas Corporation	$33.75
Comparison Group Average	**$43.23**
Central Hudson Gas & Electric Company	$43.79
Consolidated Edison Company	$46.64
Orange & Rockland Utilities, Inc.	$56.57
PECO Energy Company	$60.18
Delmarva Power & Light Company	$69.08
Atlantic City Electric Company	$70.72
Public Service Electric & Gas Company	$83.88

New Jersey American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		New York					
		Central Hudson Gas & Electric	Consolidated Edison	New York State Electric & Gas	Niagra Mohawk Power	Orange & Rockland	Rochester Gas & Electric
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,778,169	$ 114,032,729	$ 28,066,820	$ 39,200,043	$ 8,465,643	$ 9,741,613
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,520,777	$ 344,426	$ 135,082	$ 929,964	$ 66,274	$ 1,855
Subtotal		$ 9,298,946	$ 114,377,155	$ 28,201,902	$ 40,130,007	$ 8,531,917	$ 9,743,468
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,815,515	$ 30,169,769	$ (632,835)	$ 2,686,451	$ 3,422,645	$ (753,034)
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 507,967	$ 7,584,800	$ 1,916,606	$ 403,817	$ 622,497	$ 619,283
Total Cost Pool		**$ 12,622,428**	**$ 152,131,724**	**$ 29,485,673**	**$ 43,220,275**	**$ 12,577,059**	**$ 9,609,717**
Total Customers (page 304, line 43)		288,252	3,261,502	873,738	1,387,729	222,340	360,987
Customer Account Services Expense per Customer		**$ 43.79**	**$ 46.64**	**$ 33.75**	**$ 31.14**	**$ 56.57**	**$ 26.62**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 23,649,061	$ 171,421,764	$ (3,779,369)	$ 105,135,887	$ 26,239,707	$ (5,487,845)
Total O&M Payroll (page 355, line 65)		$ 55,773,767	$ 563,347,904	$ 149,623,715	$ 206,583,051	$ 62,383,976	$ 58,994,943
Benefits as Percent of Payroll		42.4%	30.4%	-2.5%	50.9%	42.1%	-9.3%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 7,303,699	$ 102,691,785	$ 26,157,611	$ -	$ 7,521,305	$ 5,776,605
Gas (page 354, line 37)		$ 1,300,052	$ 22,542,147	$ 4,815,257	$ 6,012,948	$ 3,284,938	$ 4,309,646
Total Payroll Charged to Customer Accounts		$ 8,603,751	$ 125,233,932	$ 30,972,868	$ 6,012,948	$ 10,806,243	$ 10,086,251
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,778,169	$ 114,032,729	$ 28,066,820	$ 39,200,043	$ 8,465,643	$ 9,741,613
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,520,777	$ 344,426	$ 135,082	$ 929,964	$ 66,274	$ 1,855
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 9,298,946	$ 114,377,155	$ 28,201,902	$ 40,130,007	$ 8,531,917	$ 9,743,468
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 2,749,960	$ 30,093,154	$ 6,662,993	$ 5,582,389	$ 2,798,488	$ 2,396,447
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 12,048,906	$ 144,470,309	$ 34,864,895	$ 45,712,396	$ 11,330,405	$ 12,139,915
Percent Applicable to Customer Accounts Services (903 and 905)		77.2%	79.2%	80.9%	87.8%	75.3%	80.3%
Customer Account Services Portion of Total Payroll		$ 6,640,090	$ 99,147,714	$ 25,053,676	$ 5,278,648	$ 8,137,217	$ 8,095,202
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,815,515	$ 30,169,769	$ (632,835)	$ 2,686,451	$ 3,422,645	$ (753,034)
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 6,640,090	$ 99,147,714	$ 25,053,676	$ 5,278,648	$ 8,137,217	$ 8,095,202
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 507,967	$ 7,584,800	$ 1,916,606	$ 403,817	$ 622,497	$ 619,283

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New Jersey American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Pennsylvania						
		Duquesne Light	Metropolitan Edison	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric Utilities	West Penn Power
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,479,961	$ 10,122,140	$ 53,673,664	$ 10,592,384	$ 2,928,197	$ 30,220,945	$ 6,946,910
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ -	$ 136,228	$ 32,549,592	$ 194,662	$ 82,458	$ 1,100,131	$ -
Subtotal		$ 7,479,961	$ 10,258,368	$ 86,223,256	$ 10,787,046	$ 3,010,655	$ 31,321,076	$ 6,946,910
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,022,069	$ (1,860,051)	$ 6,418,193	$ (2,677,607)	$ (590,677)	$ 6,256,579	$ 1,594,105
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 498,724	$ 250,220	$ 1,865,596	$ 299,011	$ 79,412	$ 1,437,663	$ 402,847
Total Cost Pool		**$ 10,000,754**	**$ 8,648,537**	**$ 94,507,045**	**$ 8,408,450**	**$ 2,499,390**	**$ 39,015,318**	**$ 8,943,861**
Total Customers (page 304, line 43)		582,474	547,557	1,570,294	589,017	159,346	1,392,441	713,401
Customer Account Services Expense per Customer		**$ 17.17**	**$ 15.79**	**$ 60.18**	**$ 14.28**	**$ 15.69**	**$ 28.02**	**$ 12.54**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 16,461,810	$ (18,462,242)	$ 34,870,872	$ (24,103,475)	$ (4,532,561)	$ 28,423,183	$ 16,475,935
Total O&M Payroll (page 355, line 65)		$ 53,073,862	$ 32,465,349	$ 132,497,079	$ 35,185,122	$ 7,965,617	$ 85,375,132	$ 54,426,651
Benefits as Percent of Payroll		31.0%	-56.9%	26.3%	-68.5%	-56.9%	33.3%	30.3%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 9,676,251	$ 5,316,403	$ 23,554,469	$ 6,561,812	$ 1,624,429	$ 20,085,492	$ 8,766,657
Gas (page 354, line 37)		$ -	$ -	$ 5,036,945	$ -	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 9,676,251	$ 5,316,403	$ 28,591,414	$ 6,561,812	$ 1,624,429	$ 20,085,492	$ 8,766,657
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 7,479,961	$ 10,122,140	$ 53,673,664	$ 10,592,384	$ 2,928,197	$ 30,220,945	$ 6,946,910
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ -	$ 136,228	$ 32,549,592	$ 194,662	$ 82,458	$ 1,100,131	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 7,479,961	$ 10,258,368	$ 86,223,256	$ 10,787,046	$ 3,010,655	$ 31,321,076	$ 6,946,910
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 3,622,199	$ 6,415,472	$ 14,865,724	$ 7,322,187	$ 1,700,593	$ 2,154,152	$ 4,618,134
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 11,102,160	$ 16,673,840	$ 101,088,980	$ 18,109,233	$ 4,711,248	$ 33,475,228	$ 11,565,044
Percent Applicable to Customer Accounts Services (903 and 905)		67.4%	61.5%	85.3%	59.6%	63.9%	93.6%	60.1%
Customer Account Services Portion of Total Payroll		$ 6,519,270	$ 3,270,849	$ 24,386,880	$ 3,908,645	$ 1,038,068	$ 18,792,978	$ 5,265,970
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,022,069	$ (1,860,051)	$ 6,418,193	$ (2,677,607)	$ (590,677)	$ 6,256,579	$ 1,594,105
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 6,519,270	$ 3,270,849	$ 24,386,880	$ 3,908,645	$ 1,038,068	$ 18,792,978	$ 5,265,970
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 498,724	$ 250,220	$ 1,865,596	$ 299,011	$ 79,412	$ 1,437,663	$ 402,847

New Jersey American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		New Jersey				Maryland
		Atlantic City Electric	Jersey Central Power	Public Service Electric & Gas	Rockland Electric	Delmarva Power & Light
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 37,383,789	$ 19,051,474	$ 58,917,046		$ 32,574,788
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 237,995	$ 364,803	$ 90,240,911		$ -
Subtotal		$ 37,621,784	$ 19,416,277	$ 149,157,957	$ -	$ 32,574,788
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 757,867	$ (2,610,530)	$ 23,726,309		$ 1,184,741
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 165,569	$ 622,147	$ 6,037,109		$ 551,639
Total Cost Pool		**$ 38,545,220**	**$ 17,427,894**	**$ 178,921,376**		**$ 34,311,168**
Total Customers (page 304, line 43)		545,011	1,089,980	2,133,003		496,682
Customer Account Services Expense per Customer		**$ 70.72**	**$ 15.99**	**$ 83.88**	see New York	**$ 69.08**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,169,358	$ (23,911,321)	$ 97,803,439		$ 6,458,817
Total O&M Payroll (page 355, line 65)		$ 20,474,113	$ 74,491,459	$ 325,305,600		$ 39,311,821
Benefits as Percent of Payroll		35.0%	-32.1%	30.1%		16.4%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)		$ 2,394,886	$ 13,387,647	$ 49,463,253		$ 7,184,790
Gas (page 354, line 37)		$ -	$ -	$ 39,016,786		$ 1,796,197
Total Payroll Charged to Customer Accounts		$ 2,394,886	$ 13,387,647	$ 88,480,039		$ 8,980,987
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 37,383,789	$ 19,051,474	$ 58,917,046		$ 32,574,788
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 237,995	$ 364,803	$ 90,240,911		$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 37,621,784	$ 19,416,277	$ 149,157,957		$ 32,574,788
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,008,199	$ 12,546,067	$ 18,075,870		$ 7,995,878
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 41,629,983	$ 31,962,344	$ 167,233,827		$ 40,570,666
Percent Applicable to Customer Accounts Services (903 and 905)		90.4%	60.7%	89.2%		80.3%
Customer Account Services Portion of Total Payroll		$ 2,164,303	$ 8,132,641	$ 78,916,461		$ 7,210,967
Pension & Benefits Pertaining to Customer Accounts Services		$ 757,867	$ (2,610,530)	$ 23,726,309		$ 1,184,741
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll		$ 2,164,303	$ 8,132,641	$ 78,916,461		$ 7,210,967
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%		7.65%
Estimated Employer's Portion of FICA		$ 165,569	$ 622,147	$ 6,037,109		$ 551,639

Group Average
$ 700,875,889
16,213,754
$ 43.23

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Analysis of Services

The final aspect of this study was an assessment of whether the services that are provided to NJAWC by the Service Company would be necessary if NJAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for NJAWC. Based on discussions with Service Company personnel, the matrix in Exhibit 11 was created showing which entity—NJAWC or a Service Company location—is responsible for each of the functions NJAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Exhibit 12, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NJAWC. For all of the services listed in Exhibit 12, there was only one entity that was primarily responsible for the service.

New Jersey American Water Company
Designation Of Responsibility For Water Utility Functions

P - Primarily Responsible S - Provides Support	Performed By:						
		American Water Service Company				
Water Company Function	NJAWC	Customer Call Center	Shared Services	Central Services	IT Service Centers	Belleville Lab
Engineering and Construction Management						
CPS Preparation	P			S		
Five-Year System Planning	P					
Engineering Standards & Policies Development	S			P		
Project Design						
Major Projects (e.g., new treatment plant)	P			S		
Special Projects	P			S		
Minor Projects (e.g., pipelines)	P					
Construction Project Management						
Major Projects	P			S		
Special Projects	P			S		
Minor Projects	P					
Hydraulics Review	P					
Developers Extensions	P					
Tank Painting	P					
Water Quality and Purification						
Water Quality Standards Development	P			S		S
Research Studies	S			P		S
Water Quality Program Implementation	P			S		
Water Treatment Operations & Maintenance	P			S		
Compliance Sampling	P					S
Testing/Other Sampling	P (Note A)			S		P (Note A)
Transmission and Distribution						
Preventive Maintenance Program Development	P					
System Maintenance	P					
Leak Detection	P					
Customer Service						
Community Relations	P			S		
Customer Contact	S	P				
Call Processing		P				
Service Order Processing	P	S				
Customer Credit	S	P				
Meter Reading	P					
Customer Bill Preparation	S	P			S	
Bill Collection		P				
Customer Payment Processing	S		P			
Meter Standards Development	S			P		
Meter Testing, Maintenance & Replacement	P					

Note A: NJAWC and the Belleville Lab are primarily responsible for different studies

New Jersey American Water Company
Designation Of Responsibility For Water Utility Functions

P - Primarily Responsible S - Provides Support	Performed By:						
		American Water Service Company				
Water Company Function	NJAWC	Customer Call Center	Shared Services	Central Services	IT Service Centers	Belleville Lab
Financial Management						
Financial Planning	P			S		
Financings--Equity				S		
Financings--Long Term Debt & Preferred (Note A)	P					
Short Term Lines of Credit Arrangements(Note A)	P					
Investor Relations				P		
Insurance Program Administration				P		
Loss Control/Safety Program Administration	P			S		
Pension Fund Asset Management				P		
Cash Management/Disbursements			P			
Internal Auditing				P		
Budgeting and Variance Reporting						
Corporate Guidelines & Instructions				P		
Regional Guidelines & Instructions	P					
Budget Preparation						
Revenue and O&M	P					
Depreciation and Interest Expense	P		S	S		
Budget Preparation--Service Company Charges	P	S	S	S	S	S
Capital Budget Preparation—Projects	P					
Capital Budget Preparation—Non-Project Work	P					
Prepare Monthly Budget Variance Report	P					
("Budget/Plan Analysis")						
Prepare Capital Project Budget Status Report	P					
Year-End Projections	P					
Accounting and Taxes						
Accounts Payable Accounting	S		P			
Payroll Accounting	S		P			
Work Order Accounting	S		P			
Fixed Asset Accounting	S		P			
Journal Entry Preparations--Billing Corrections	S		P			
Journal Entry Preparation--All Others	S		P			
Financial Statement Preparation	S		P			
State Commission Reporting	S		P			
Income Taxes--State			P			
Income Taxes--Federal			P			
Property Taxes	S		P			
Gross Receipts Taxes	S		P			

Note A: Lines of credit are the responsibility of American Water Capital Corporation ("AWCC"). AWCC is also responsible for Corporate financings which may be distributed to the regulated subsidiaries. NJAWC has its own credit ratin and has the ability to do its own financings, in 2009 NJAWC did two such financings.

New Jersey American Water Company
Designation Of Responsibility For Water Utility Functions

P - Primarily Responsible S - Provides Support	Performed By:						
		American Water Service Company				
Water Company Function	NJAWC	Customer Call Center	Shared Services	Central Services	IT Service Centers	Belleville Lab
Rates						
Rate Studies & Tariff Change Administration	P		S			
Rate Case Planning and Preparation	P		S			
Rate Case Administration	P					
Commission Inquiry Response	P					
Legal	P			S		
Purchasing and Materials Management – National (pipe, chemicals, meters, etc.)						
Specification Development	S		S	P		
Bid Solicitation	S		P			
Contract Administration	S		P			
Purchasing and Materials Management – State (state supplier service agreements)						
Specification Development	P		S			
Bid Solicitation	P		S			
Contract Administration	P		S			
Ordering	P					
Inventory Management	P		S			
Human Resources Management						
Benefit Program Development	S			P		
Benefits Program Administration	S		P			
Management Compensation Administration	S			P		
Wage & Salary Program Design	S			P		
Wage & Salary Administration	P			S		
Labor Negotiations--Wages	P					
Labor Negotiations--Benefits	S			P		
Labor Negotiations-- Work Rules	P					
Training Program Development	P			S		
Training--Course Delivery	P					
Affirmative Action/EEO--Plan Development	P					
Affirmative Action/EEO--Implementation	P					
Information Systems Services						
Service Company Data Centers						
System Operations & Maintenance					P	
Software Maintenance					P	
Network Administration					P	
PC Acquisition & Support	S				P	
Help Desk					P	

Governance Practices Associated With Service Company Charges

There are several ways by which NJAWC exercises control over Service Company services and charges. The most important of these are described below.

- **NJAWC Company Board Oversight** – The NJAWC board of directors includes members of American Water's Executive Management Team, members of the NJAWC management team and external business and community leaders. This diverse board ensures that NJAWC's needs are a factor in the delivery of Service Company services. The NJAWC Board meets at a minimum of four times each year and at every meeting financial and operational reports and issues are discussed at length.
- **NJAWC President Oversight** – The NJAWC President is responsible for the overall performance of NJAWC, including services and charges received from the American Water Service Company. The President of NJAW is also a board member on the Service Company's Board of Directors (see below for further discussion). In addition, as part of the overall management team of American Water through the President of Regulated Operations, NJAWC's President has a significant voice in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending as NJAWC's President is one of five direct reports to the President of Regulated Operations.
- **NJAWC Vice President and Treasurer** – The Vice President and Treasurer is responsible for the financial reporting, performance and internal controls of the NJAWC. The Vice President and Treasurer monitors the performance, expense and reporting from the Service Company and verifies and validates the cost of services received. In addition, the Vice President and Treasurer through the Financial Planning and Analysis staff reviews the monthly charges and investigates whenever the amount, quality and/or services are appropriate.
- **Service Company Board Oversight** – The Service Company Board of Directors is comprised of 16 members, of which NJAWC President is one of the members. They typically meet four times a year to provide governance on the activities and bylaws of Service Company. Their primary responsibilities include:
  - Approve the Business Plan and Operating Budget
  - Review Financial Performance of the Service Center
  - Review performance metrics of certain functional groups
  - Approve policy, procedures and practices of AW as it relates to Service Company.
- **Service Company Budget Review/Approval** – the NJAWC president and several other state regulated water utility presidents serve on the Service Company board of directors and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the individual operating company's board of directors (e.g., NJAWC).
- **Major Project Review And Approval –** Major non-capital projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the President of Regulated Operations. The President of Regulated Operations, with significant input from his direct reports (including the NJAWC president), has the ability to impact all new initiatives and projects before they are authorized. Major non-capital projects and initiatives for the Service Company are approved through the Business Plan. All significant business initiatives (capital or non-capital) are required to be submitted to the "BATT" (Business and Technology Team) committee for final approval. The "BATT" team is comprised of C-level executive members (CEO, CFO, etc.).

- **Capital Investment Management** (CIM) – CIM covers capital and asset planning and is employed throughout American Water, including the Service Company. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment.
- **Accounting and Financial Reporting –** Similar to the states, the Service Company follows the same accounting and financial reporting processes. During the month accounting transactions are recorded. At month end, the SSC and Service Company Finance teams review all transactions. Variance analyses are performed based on month to month actual as well as actual to budget to ensure accuracy. Once completed, the service company bill is run and the actuals are "pushed down" and allocated to the states based on predetermined formulas. A conference call is schedule before the operating companies close their books each month to discuss Service Company performance. This is based at a functional level with explanation reported for those expense variances that meet or exceed certain thresholds. At this time, the operating companies may question expenses and spending for better understanding of results. NJAWC Financial Performance and Analysis (FP&A) personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Any mistakes or overcharges are credited on a subsequent billing.
- **NJAWC Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has line items for Management Fees and Shared Service Expense (i.e., IT, Call Center, etc.). In this way, Service Company budget versus actual charges as charged to the operating company can be monitored and reviewed for the month and year-to-date as compared to prior year, plan and reforecast.

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF

NEW JERSEY-AMERICAN WATER COMPANY, INC.,

FOR APPROVAL OF INCREASED TARIFF RATES

AND CHARGES FOR WATER AND WASTEWATER SERVICE

AND OTHER TARIFF REVISIONS

B.P.U. Docket No. WR1004_____

O.A.L. Docket No. PUC

Direct Testimony of

Patrick L. Baryenbruch

Exhibit PT 18

NEW JERSEY-AMERICAN WATER COMPANY, INC.

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during the 12 months ended June 30, 2009 to New Jersey American Water Company (NJAWC). This study was undertaken in conjunction with NJAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Schedule PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer four questions concerning the services provided by the Service Company to NJAWC, each of which bears on the reasonableness of those charges as incurred during the 12 months ended June 30, 2009. First, were the Service Company's charges to NJAWC during the 12 months ended June 30, 2009 reasonable? Second, was NJAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended June 30, 2009? Third, were the 12 months ended June 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities? Fourth, are the services NJAWC receives from Service Company necessary?

6. Q. What conclusions were you able to draw concerning question number 1, whether the Service Company charges to NJAWC were reasonable?

A. The Service Company's 12 months ended June 30, 2009 cost per NJAWC customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended June 30, 2009, NJAWC was charged $49 per

customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than NJAWC's charges from the Service Company.

7. Q. What conclusions were you able to draw concerning question number 2, whether NJAWC was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) NJAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2009.

(2) On average, the hourly rates for outside service providers are 75% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by NJAWC without careful supervision on the part of NJAWC. If these services were contracted entirely to outside providers, NJAWC would have to add at least two positions to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended June 30, 2009, NJAWC and its ratepayers would have incurred an additional $20.6 million in expenses. This amount includes the higher cost of outside providers and the cost of two NJAWC positions needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to NJAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company managerial and professional personnel, on the other hand, charge a maximum 8 hours per day even when they work more. If the overtime hours of these Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $20.6 million cited above.

(6) It would be difficult for NJAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NJAWC ratepayers.

8. Q. What conclusions were you able to draw concerning question number 3, whether the 12 months ended June 30, 2009 costs of the Service Company's customer account services, including those of the National Call Centers, were reasonable?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Centers, is within a reasonable range of the average of the neighboring electric utility comparison group. As explained in my study, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of NJAWC. During the 12-months ended June 30, 2009, the customer accounts cost for NJAWC customers was $26.34 compared to the 2008 average of $43.23 for

neighboring electric utilities. The highest comparison group per customer cost was $83.88 and the lowest $12.54.

9. Q. What conclusions were you able to draw concerning question number 4, whether the services NJAWC receives from the Service Company are necessary?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if NJAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to NJAWC.

10. Q. Does this complete your testimony?

A. Yes.

Market Cost Comparison of Service Company Charges to New Mexico-American Water Company

12-Months Ended December 31, 2007

Baryenbruch & Company, LLC

New Mexico-American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to New Mexico-American Water Company ("NMA"):

1. Were the Service Company's charges to NMA during the 12-months ended December 31, 2007 reasonable?

2. Was NMA charged the lower of cost or market for managerial and professional services provided by the Service Company during 2007?

3. Were the 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services NMA receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions were reached:

- American Water's Service Company provides NMA with services similar to those provided by other utility service companies. This was determined based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

- American Water's 2007 cost per NMA customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During 2007, NMA was charged $68 per customer by the Service Company compared to an average of $122 per customer for service companies reporting to the FERC.

Concerning question 2, the following conclusions can be drawn from this study:

- NMA was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2007.

- On average, the hourly rates for outside service providers are 52% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by NMA without careful supervision on the part of NMA. If these services were contracted entirely to outside providers, NMA would have to add at least one half of one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12-months ended December 31, 2007, NMA and its ratepayers would have incurred more than $610,000 in additional expenses. This amount includes the higher cost of outside providers and the cost of an additional one half NMA position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to NMA from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $610,000 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $26,800 in additional charges from outside providers.

- It would be difficult for NMA to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NMA ratepayers.

Concerning question 3, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and NMA. During the 12-months ended December 31, 2007, the customer accounts cost for NMA customers was $32.48 compared to the 2006 average of $24.88 for neighboring electric utilities. The highest comparison group per customer cost was $49.27 and the lowest $8.82.

Concerning question 4, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NMA were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NMA. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding their own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like NMA, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of NMA, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Western Region's professional labor is assigned to NMA during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Western Region's accumulated professional and support labor is charged to NMA during the month, then 20% of that month's overhead expenses will be assigned to NMA.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to NMA, then 2% of that office's office expenses would be assigned to NMA. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended December 31, 2007, the Service Company billed NMA $1,316,757 in O&M-related charges, $112,539 in capital-related charges and $7,844 other charges. Included in the O&M amount are certain non-recurring expenses and charges from non-Western regions, which are excluded from this market study. As calculated in the table below, net Service Company charges of $1,252,897 were subjected to a market cost comparison.

	12 Months Ended December 31, 2007
Mgmt Fee Expense (O&M) per P&L	$ 1,316,757
Less: Non-Recurring Expenses	
Business Change	$ (3,341)
Divestiture & SOX	$ (174,226)
Total Non-Recurring Expenses	$ (177,567)
Less: Non-Western Regions	$ (6,676)
Net Testable O&M	$ 1,132,514
Total Capital	$ 112,539
Total Other	$ 7,844
Total Testable Service Co Charges	**$ 1,252,897**

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended Dec. 31, 2007	
	Amount	Hours
Management and Professional Services	$ 1,031,624	10,864
Customer Account Services	$ 221,273	6,261
Total Service Company Charges	$ 1,252,897	17,125

This study's first question—whether Service Company 2007 charges were reasonable—was determined by comparing NMA's net testable O&M Service Company charges per customer to those of electric and combination electric/gas utilities that file FERC Form 60 – Annual Report of Service Companies.

The second question—whether Service Company 2007 charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to NMA during the 12 months ended December 31, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The third question—whether Service Company 2007 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing NMA's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The fourth question—the necessity of Service Company services—was first investigated by determining the services provided to NMA. A determination was then made as to whether these services would be required if NMA were a stand-alone utility.

IV – Reasonableness Of Service Company Charges

NMA's Service Company Cost Per Customer

During 2007, NMA was charged $68 per customer in O&M expenses by the Service Company. As shown in the table below, this calculation is made using net testable O&M, which eliminates certain O&M items for which NMA has not requested cost recovery.

	2007
Net Testable Service Company O&M Expenses	$ 1,132,514
NMA Customers (12/31/07)	16,774
NMA Cost Per Customer	$ 68

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

Twenty-three utility holding companies filed a Form 60 for 2007. All but two were included in the comparison group. The service company for PNM Resources, Inc. was excluded because its 2007 service company cost per regulated utility customer was clearly an anomaly as a negative number. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies did not provide numbers for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

Schedule 1 compares the services provided by American Water's Service Company to the services provided by comparison group service companies. In general, the types of services provided by American Water's Service Company are similar to those provided by comparison group service companies.

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (p. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (e.g., accounting, information technology) and type of cost (e.g., labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in American Water Service Company's 2007 charges to NMA:

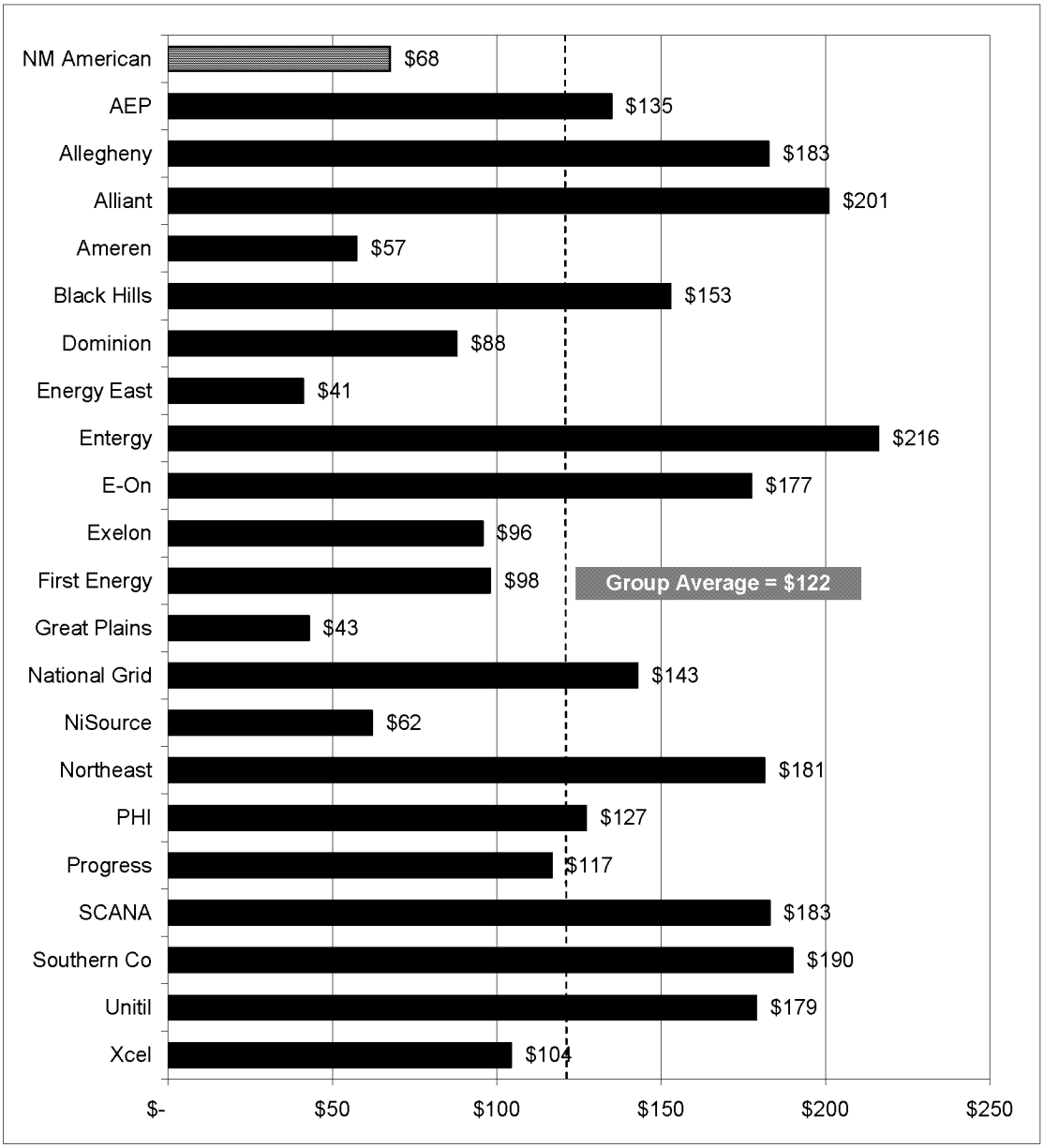
- All electric- and gas-related services
- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411) and investment tax credit (account 411.5).
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430) and other interest expense (account 431)

Comparison group service company 2007 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

Schedule 2 shows NMA's 2007 Service Company cost per customer of $68 to be considerably lower than the average of $122 per customer for the comparison group service companies. Only 4 of 21 comparison group service companies had a lower 2007 cost per customer than NMA. Based on this result, it is possible to conclude that the Service Company's 2007 charges to NMA were reasonable.

New Mexico-American Water Company
Analysis of Service Company Services

	American Water	AEP	Allegheny	Alliant	Ameren	Black Hills	Dominion	Energy East	Entergy	E-On	Exelon	First Energy	Great Plains	National Grid	NiSource	Northeast	PHI	Progress	SCANA	Southern Co	Unitil	Xcel
Accounting	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X	X	X
Audit Services	X	X	X	X		X	X	X		X		X	X	X	X	X		X		X		X
Corporate Planning	X	X	X		X	X	X			X		X		X	X	X		X	X			X
Customer Service	X	X	X	X		X	X			X	X	X		X	X	X	X		X		X	X
Engineering	X	X		X										X	X	X				X	X	X
Environmental		X		X	X		X			X		X		X	X		X		X	X		
Executive	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
External Affairs	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Facilities Management				X							X	X		X					X			X
Finance	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Human Resources	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Information Technology	X	X	X	X	X	X	X		X	X	X	X		X	X		X	X	X	X	X	X
Investor Relations		X		X		X	X					X			X	X		X	X			X
Legal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Operations	X													X	X	X						
Regulatory Services	X	X	X	X	X	X	X	X		X	X	X		X	X	X		X	X		X	X
Risk Management	X	X	X			X	X			X		X		X	X							X
Security			X							X	X											
Service Co Overhead		X			X	X	X			X	X		X		X	X	X					
Shared Services	X	X			X	X	X			X	X			X	X	X		X				
Supply Chain	X	X	X	X	X		X			X	X	X		X	X		X		X	X		X
Transportation Services				X						X												X
Treasury	X		X		X		X			X		X		X	X	X		X				
	17	17	15	16	14	15	17	8	7	19	14	17	8	19	20	16	10	13	13	11	7	17


NM American
AEP
Allegheny
Alliant
Ameren
Black Hills
Dominion
Energy East
Entergy
E-On
Exelon
First Energy
Great Plains
National Grid
NiSource
Northeast
PHI
Progress
SCANA
Southern Co
Unitil
Xcel
$68
$135
$183
$201
$57
$153
$88
$41
$216
$177
$96
$98
$43
$143
$62
$181
$127
$117
$183
$190
$179
$104
Group Average = $122
$-
$50
$100
$150
$200
$250

V – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to NMA during the 12 months ended December 31, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged NMA during 2007, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 3 (page 14) details the assignment of 12 months ended December 31, 2007 management and professional Service Company charges by outsider provider category. Schedule 4 (page 15) shows the same assignment for Service Company management and professional hours charged to NMA during the 12 months ended December 31, 2007.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2007 test period non-labor Service Company charges:

- Contract Services – 12 months ended December 31, 2007 Service Company charges to NMA include almost $54,000 in expenses associated with the use of outside

professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended December 31, 2007 Service Company charges to NMA are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 5 (page 16) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 3 and 4 and the excludable items shown in Schedule 5, the Service Company's equivalent costs per hour for the 12 months ended December 31, 2007 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 41,025	$ 283,418	$ 482,541	$ 224,640	$ 1,031,624
Less:					
Contract services	$ 2,959	$ 18,219	$ 28,876	$ 3,676	$ 53,730
Travel expenses	$ 1,187	$ 14,602	$ 11,767	$ 11,499	$ 39,054
Computer hardware/software	$ 0	$ 4,657	$ 5,612	$ 2,029	$ 12,299
Net Service Charges (A)	$ 36,879	$ 245,939	$ 436,285	$ 207,437	$ 926,540
Total Hours (B)	302	1,978	5,779	2,805	10,864
Average Hourly Rate (A / B)	**$ 122**	**$ 124**	**$ 75**	**$ 74**	

New Mexico-American Water Company

Analysis of 12 Months Ended December 31, 2007 Service Company Charges By Location And Function

		12 Months Ended December 31, 2007 Service Company Charges				
Location	Function	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 24,664	$ 24,664
Call Center	Human Resources		$ 4,829			$ 4,829
Corporate	Accounting			$ 57,391		$ 57,391
	Administration	$ -	$ (11,390)	$ -	$ -	$ (11,390)
	Audit			$ 10,150		$ 10,150
	Communications		$ 12,392			$ 12,392
	Engineering				$ 2,188	$ 2,188
	Finance			$ 28,416		$ 28,416
	Human Resources		$ 39,391			$ 39,391
	Legal	$ 14,211				$ 14,211
	Operations		$ 27,363		$ 13,464	$ 40,827
	Rates & Revenue			$ 13,274		$ 13,274
	Risk Management		$ 13,236			$ 13,236
	Water Quality				$ 11,566	$ 11,566
Regional Offices	Accounting			$ 8,120		$ 8,120
	Administration		$ 53,688			$ 53,688
	Communications		$ 27,001			$ 27,001
	Engineering				$ 74,652	$ 74,652
	Finance			$ 140,685		$ 140,685
	Human Resources		$ 35,679			$ 35,679
	Legal	$ 26,814				$ 26,814
	Operations		$ 42,586		$ 84,671	$ 127,257
	Risk Management		$ 26,671			$ 26,671
	Water Quality				$ 13,435	$ 13,435
Information Technology	Information Technology			$ 128,829		$ 128,829
Shared Services	Accounting			$ 74,530		$ 74,530
	Administration		$ 11,973			$ 11,973
	Finance			$ 6,541		$ 6,541
	Rates & Revenue			$ 14,606		$ 14,606
Total Dollars Charged		**$ 41,025**	**$ 283,418**	**$ 482,541**	**$ 224,640**	**$ 1,031,624**

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New Mexico-American Water Company
Analysis of 12 Months Ended December 31, 2007Service Company Hours By Location And Function

Location	Function	12 Months Ended December 31, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				344	344
Call Center	Human Resources		59			59
Corporate	Accounting			508		508
	Administration		1			1
	Audit			56		56
	Communications		52			52
	Engineering				19	19
	Finance			153		153
	Human Resources		343			343
	Legal	41				41
	Operations		90		93	183
	Rates & Revenue			49		49
	Risk Management		59			59
	Water Quality				97	97
Regional Offices	Accounting			85		85
	Administration		140			140
	Communications		254			254
	Engineering				938	938
	Finance			1,784		1,784
	Human Resources		314			314
	Legal	260				260
	Operations		368		1,151	1,519
	Risk Management		227			227
	Water Quality				163	163
Information Technology	Information Technology			1,168		1,168
Shared Services	Accounting			1,608		1,608
	Administration		72			72
	Finance			159		159
	Rates & Revenue			208		208
Total Hours Charged		**302**	**1,978**	**5,779**	**2,805**	**10,864**

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New Mexico-American Water Company
12 Months Ended December 31, 2007 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 14,355	$ 2,045	$ 399	$ 16,799	Certified Public Accountant
Administration	$ 2,949	$ 5,313	$ 524	$ 8,787	Management Consultant
Audit	$ 1,289	$ 196	$ -	$ 1,485	Certified Public Accountant
Communications	$ 1,283	$ 3,096	$ 25	$ 4,404	Management Consultant
Engineering	$ 2,363	$ 4,436	$ 399	$ 7,198	Professional Engineer
Finance	$ (417)	$ 5,545	$ 110	$ 5,238	Certified Public Accountant
Human Resources	$ 8,363	$ 3,508	$ 407	$ 12,279	Management Consultant
Information Technology	$ 11,594	$ 3,246	$ 5,101	$ 19,941	Certified Public Accountant
Legal	$ 2,959	$ 1,187	$ 0	$ 4,146	Attorney
Operations	$ 5,519	$ 4,404	$ 493	$ 10,416	Management Consultant, Professional Engineer
Rates & Revenue	$ 2,055	$ 736	$ 2	$ 2,793	Certified Public Accountant
Risk Management	$ 458	$ 3,957	$ 3,458	$ 7,873	Management Consultant
Water Quality	$ 958	$ 1,387	$ 1,380	$ 3,725	Professional Engineer
Total	**$ 53,730**	**$ 39,054**	**$ 12,299**	**$ 105,083**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 2,959	$ 1,187	$ 0	$ 4,146
Management Consultant	$ 18,219	$ 14,602	$ 4,657	$ 37,479
Certified Public Accountant	$ 28,876	$ 11,767	$ 5,612	$ 46,256
Professional Engineer	$ 3,676	$ 11,499	$ 2,029	$ 17,203
Total	**$ 53,730**	**$ 39,054**	**$ 12,299**	**$ 105,083**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The New Mexico Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for New Mexico attorneys. Therefore, an estimate of New Mexico attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 6, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Clovis, New Mexico. The survey includes rates that were in effect during 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2007 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 7, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2006 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2006. Thus, the 2006 average rate was escalated to June 30, 2007—the midpoint of the 12 months ended December 31, 2007.

Certified Public Accountants

The average hourly rate for New Mexico certified public accountants was developed from a 2006 survey conducted every two years by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in Arizona and Texas. The New Mexico Society of CPAs did not participate in the last AICPA survey so New Mexico-only data was not available. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 8. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2007—the midpoint of the 12 months ended December 31, 2007.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that were used by American Water's Western Region during 2007. One firm is located in New Mexico and two are located in Arizona. As presented in Schedule 9, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 6

New Mexico-American Water Company
Estimated Billing Rates For New Mexico Attorneys Based On
Michigan Attorney Billing Rates

Billing rates in effect during 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
	Michigan	Of Mich	Associate		Partner		Mich	Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(B)	Rate
Dickinson Wright PLLC	Detroit	229	$ 170	$ 275	$ 260	$ 530	$ 309	113%	$ 273
Dykema	Detroit	222	$ 185	$ 390	$ 245	$ 625	$ 361	113%	$ 319
Butzel Long	Detroit	209	$ 165	$ 400	$ 220	$ 550	$ 334	113%	$ 295
Bodman LLP	Detroit	128	$ 125	$ 215	$ 210	$ 495	$ 261	113%	$ 231
Jaffe Raitt Heuer & Weiss, PC	Southfield	100	$ 165	$ 225	$ 225	$ 500	$ 279	127%	$ 220
Trott & Trott, PC	Bingham Farms	64	$ 170	$ 170	$ 235	$ 235	$ 203	160%	$ 127
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	127%	$ 234
Kemp, Klein, Umphrey, Edelman & May PC	Troy	36	$ 150	$ 190	$ 200	$ 340	$ 220	144%	$ 153
Pepper Hamilton LLP	Detroit	33	$ 200	$ 315	$ 340	$ 615	$ 368	113%	$ 325
Hertz, Schram & Saretsky, PC	Bloomfield Hills	29	$ 175	$ 260	$ 275	$ 400	$ 278	175%	$ 159
Strobl & Sharp, PC	Bloomfield Hills	28	$ 110	$ 210	$ 200	$ 300	$ 205	175%	$ 117
Kupelian Ormond & Magy, PC	Southfield	25	$ 165	$ 195	$ 235	$ 320	$ 229	127%	$ 180
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	25	$ 130	$ 250	$ 275	$ 495	$ 288	175%	$ 164
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	126%	$ 210
			Average Billing Rate for 12 months ended December 31, 2007						**$ 215**

Note A: Source is Michigan Lawyers Weekly, April 2008

Note B: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Clovis, New Mexico. A number over 100% indicates the Michigan city's cost of living is higher than Clovis. A number less than 100% indicates Clovis' cost of living is higher.

Schedule 7

New Mexico-American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2006 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 187	$ 235	$ 306	$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$187	$235	$306	$358	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 43	$ 56	$ 47	$ 31	$ 36	**$ 212**

Escalation to Midpoint of December 31, 2007 Test Period (Note B)

CPI at December 31, 2006	201.8
CPI at June 30, 2007	208.4
Inflation/Escalation	3.3%
Average Hourly Billing Rate For Management Consultants At June 30, 2007	**$ 219**

Note A: source: "Operating Ratios For Management Consulting Firms, 2007 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 8

New Mexico-American Water Company
Estimated Billing Rates Of New Mexico Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 80	$ 98	$ 119	$ 169

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 80	$ 98	$ 119	$ 169	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 29	$ 24	$ 34	**$ 111**

Escalation to Midpoint of December 31, 2007 Test Period (Note B)

CPI at December 31, 2005	196.8
CPI at June 30, 2007	208.4
Inflation/Escalation	5.9%
Average Hourly Billing Rate For CPAs At June 30, 2007	**$ 118**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey (for states of Arizona and Texas)
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 9

New Mexico-American Water Company
Estimated Billing Rates Of New Mexico/Arizona Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Engineering Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$53	$65	$84	$96
Firm #2	$89	$98	$139	$181
Firm #3	$80	$105	$155	$198

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$74	$89	$126	$158	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$22	$31	$32	$16	**$101**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 122	$ 215	$ (92)
Management Consultant	$ 124	$ 219	$ (95)
Certified Public Accountant	$ 75	$ 118	$ (42)
Professional Engineer	$ 74	$ 101	$ (27)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to NMA during the 12-months ended December 31, 2007, outside service providers would have cost $535,895 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 52% higher than those of the Service Company ($535,895 / $ 1,031,624).

	12 Months Ended December 31, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (92)	302	$ (27,890)
Management Consultant	$ (95)	1,978	$ (187,804)
Certified Public Accountant	$ (42)	5,779	$ (244,345)
Professional Engineer	$ (27)	2,805	$ (75,856)
Service Company Less Than Outside Providers			$ (535,895)

If NMA were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 10,864 hours of work (more than 7 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing NMA management team. Thus, it would be necessary for NMA to add at least one half of one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $74,700 per year to NMA's personnel expenses.

Cost of Adding 1/2 of a Professional Position To NMA's Staff

	Total
New Positions' Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Total Cost of Full Time Position	$ 149,400
Percent of Position Required	50%
Half Time Cost of Position	$ 74,700

Thus, the total effect on the ratepayers of NMA of contracting all services now provided by Service Company would be an increase in their costs of $610,595 ($535,895 + $74,700). Based on the results of this comparison, it is possible to conclude that the Service Company charged NMA at the lower of cost or market for services provided during 2007.

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for NMA.

VI – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, NMA's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 10 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

New Mexico-American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

New Mexico-American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

New Mexico	• Public Service Company of New Mexico	• Texas New Mexico Power
Texas	• Centerpoint Energy (formerly HL&P)	• El Paso Electric
Arizona	• Arizona Public Service	• Tucson Electric
Colorado	• Aquilla	• Public Service Company of Colorado
Oklahoma	• Empire District Electric • Oklahoma Gas & Electric	• Public Service Company of Oklahoma

It should be noted that Oncor Electric Delivery (formerly Texas Utilities) was not included in the comparison group because it has outsourced customer account services. As a result, much of its expenses related to this function are charged to FERC account 923 – Outside Services rather than FERC accounts 903 and 905. The customer accounts services' portion of FERC account 923 cannot be isolated from FERC Form 1 information. Thus, a customer accounts services cost comparison to Oncor was not possible.

Comparison Approach

The basis for this comparison is customer account services expenses per customer. NMA's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, NMA's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

NMA Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to NMA. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.33 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, NMA's adjusted annual expense per customer is $32.48—the number that can be compared to neighboring electric utilities' expenses. NMA's 2007 unadjusted annual expense per customer is $20.86.

New Mexico-American Water Company					
	Cost Component	Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 221,037	$ 194,910	$ 415,947	
Regional Offices		$ 236		$ 236	
Service Company	Customer payment processing			$ 14,160	(B)
Operating Company	Postage & forms			$ 114,400	
			Cost Pool Total	$ 544,743	
			Total Customers	16,774	
	12 Months Ended December 31, 2007 Cost Per New Mexico-American Customer			**$ 32.48**	

Note A: Adjustment for American Water's fewer calls per customer
This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 221,037
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.33	
Percent different	88%	88%
Total Adjustment B		$ 194,910

Note B: Estimated customer payment processing expenses

Number of customer bills	179,238
Bank charge per item	$ 0.0790
Total estimated annual expense	$ 14,160

Electric Utility Group Cost Per Customer

Schedule 11 shows the actual 2006 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, NMA's cost per customer is within a reasonable range of the average of the neighboring electric utility comparison group. It can therefore be concluded that NMA's 2007 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to NMA were comparable to those of other utilities.

Annual Expense Per Customer	
Texas New Mexico Power	$ 8.82
CenterPoint Energy (HL&P)	$ 12.29
Public Service of New Mexico	$ 18.50
Oklahoma Gas & Electric	$ 19.93
Public Svc of Colorado	$ 21.61
Comparison Group Average	**$ 24.88**
Acquilla, Inc.	$ 28.26
El Paso Electric	$ 31.98
New Mexico-American Water	**$ 32.48**
Empire District Electric Company	$ 33.03
Tucson Electric	$ 34.02
Public Svc of Oklahoma	$ 35.55
Arizona Public Service Co	$ 49.27

New Mexico-American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		New Mexico		Texas		Arizona	
		Public Svc of New Mexico	Texas-New Mexico Power	CenterPoint Energy	El Paso Electric	Az Public Service Co	Tucson Electric
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,985,621	$ 1,901,609	$ 19,023,675	$ 7,163,439	$ 45,761,786	$ 11,915,625
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 402	$ 130,500	$ -	$ 498,787	$ 1,117,449	$ (31,254)
Subtotal		$ 6,986,023	$ 2,032,109	$ 19,023,675	$ 7,662,226	$ 46,879,235	$ 11,884,371
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	Note A	$ 569,066	$ 129,355	$ 4,081,833	$ 2,963,933	$ 3,065,834	$ 956,359
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 403,373	$ 156,680	$ 1,376,954	$ 435,512	$ 1,884,588	$ 368,128
Total Cost Pool		**$ 7,958,461**	**$ 2,318,144**	**$ 24,482,462**	**$ 11,061,671**	**$ 51,829,657**	**$ 13,208,858**
Total Customers (page 304, line 43)		430,211	262,929	1,992,812	345,929	1,051,895	388,307
Customer Account Services Expense per Customer		**$ 18.50**	**$ 8.82**	**$ 12.29**	**$ 31.98**	**$ 49.27**	**$ 34.02**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 18,878,471	$ 2,151,168	$ 47,857,442	$ 34,913,362	$ 77,941,202	$ 19,935,891
Total O&M Payroll (page 355, line 65)		$ 174,924,165	$ 34,060,096	$ 211,033,868	$ 67,059,688	$ 626,287,039	$ 100,311,686
Benefits as Percent of Payroll		10.8%	6.3%	22.7%	52.1%	12.4%	19.9%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 6,467,683	$ 4,125,007	$ 26,203,249	$ 7,440,377	$ 30,581,605	$ 6,021,884
Gas (page 354, line 37)		$ -	$ -	$ -	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 6,467,683	$ 4,125,007	$ 26,203,249	$ 7,440,377	$ 30,581,605	$ 6,021,884
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,985,621	$ 1,901,609	$ 19,023,675	$ 7,163,439	$ 45,761,786	$ 11,915,625
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 402	$ 130,500	$ -	$ 498,787	$ 1,117,449	$ (31,254)
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 6,986,023	$ 2,032,109	$ 19,023,675	$ 7,662,226	$ 46,879,235	$ 11,884,371
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 1,583,042	$ 2,060,670	$ 8,670,705	$ 2,351,868	$ 11,315,783	$ 2,987,710
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 8,569,065	$ 4,092,779	$ 27,694,380	$ 10,014,094	$ 58,195,018	$ 14,872,081
Percent Applicable to Customer Accounts Services (903 and 905)		81.5%	49.7%	68.7%	76.5%	80.6%	79.9%
Customer Account Services Portion of Total Payroll		$ 5,272,849	$ 2,048,111	$ 17,999,395	$ 5,692,961	$ 24,635,137	$ 4,812,124
Pension & Benefits Pertaining to Customer Accounts Services		$ 569,066	$ 129,355	$ 4,081,833	$ 2,963,933	$ 3,065,834	$ 956,359
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 5,272,849	$ 2,048,111	$ 17,999,395	$ 5,692,961	$ 24,635,137	$ 4,812,124
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 403,373	$ 156,680	$ 1,376,954	$ 435,512	$ 1,884,588	$ 368,128

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New Mexico-American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Colorado		Oklahoma			
		Acquilla	Public Svc of Colorado	Empire District Electric	Oklahoma Gas & Electric	Public Svc of Oklahoma	Group Average
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 10,189,732	$ 21,294,135	$ 4,190,902	$ 10,601,169	$ 17,452,301	$ 156,479,976
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 4,731	$ 235,495	$ 321,635	$ 1,080,693	$ 3,551	$ 3,361,989
Subtotal		$ 10,194,463	$ 21,529,630	$ 4,512,537	$ 11,681,862	$ 17,455,852	$ 159,841,965
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,324,990	$ 5,283,449	$ 707,574	$ 2,613,341	$ 588,329	$ 23,284,062
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 608,226	$ 1,653,996	$ 197,862	$ 670,885	$ 330,608	$ 8,086,812
Total Cost Pool		**$ 13,127,680**	**$ 28,467,075**	**$ 5,417,973**	**$ 14,966,088**	**$ 18,374,789**	**$ 191,212,839**
Total Customers (page 304, line 43)		464,588	1,317,016	164,035	751,043	516,875	7,685,640
Customer Account Services Expense per Customer		**$ 28.26**	**$ 21.61**	**$ 33.03**	**$ 19.93**	**$ 35.55**	**$ 24.88**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 36,457,466	$ 63,731,780	$ 11,964,335	$ 41,929,023	$ 11,493,366	$ 367,253,506
Total O&M Payroll (page 355, line 65)		$ 124,672,077	$ 260,802,325	$ 43,733,832	$ 140,703,693	$ 84,426,604	$ 1,868,015,073
Benefits as Percent of Payroll		29.2%	24.4%	27.4%	29.8%	13.6%	19.7%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 7,299,421	$ 13,497,504	$ 3,333,454	$ 15,767,241	$ 5,595,370	$ 126,332,795
Gas (page 354, line 37)		$ 4,347,912	$ 12,600,944	$ -	$ -	$ -	$ 16,948,856
Total Payroll Charged to Customer Accounts		$ 11,647,333	$ 26,098,448	$ 3,333,454	$ 15,767,241	$ 5,595,370	$ 143,281,651
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 10,189,732	$ 21,294,135	$ 4,190,902	$ 10,601,169	$ 17,452,301	$ 156,479,976
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 4,731	$ 235,495	$ 321,635	$ 1,080,693	$ 3,551	$ 3,361,989
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 10,194,463	$ 21,529,630	$ 4,512,537	$ 11,681,862	$ 17,455,852	$ 159,841,965
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,739,910	$ 4,458,697	$ 1,303,329	$ 9,321,119	$ 5,144,623	53937456
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 14,934,373	$ 25,988,327	$ 5,815,866	$ 21,002,981	$ 22,600,475	$ 213,779,421
Percent Applicable to Customer Accounts Services (903 and 905)		68.3%	82.8%	77.6%	55.6%	77.2%	74.8%
Customer Account Services Portion of Total Payroll		$ 7,950,672	$ 21,620,858	$ 2,586,431	$ 8,769,742	$ 4,321,677	$ 107,131,082
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,324,990	$ 5,283,449	$ 707,574	$ 2,613,341	$ 588,329	$ 21,062,071
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 7,950,672	$ 21,620,858	$ 2,586,431	$ 8,769,742	$ 4,321,677	$ 105,709,956
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 608,226	$ 1,653,996	$ 197,862	$ 670,885	$ 330,608	$ 8,086,812

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VII - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to NMA by the Service Company would be necessary if NMA were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for NMA. Based on discussions with Service Company personnel, the matrix in Schedule 12 was created showing which entity—NMA or a Service Company location—is responsible for each of the functions NMA requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 12, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if NMA were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to NMA. For all of the services listed in Schedule 12, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NMA	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		P				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	S		P		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	P		S				
Developers Extensions	P						
Tank Painting	S		P				
Water Quality and Purification							
Water Quality Standards Development			S		P		S
Research Studies	S				P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Tracking and Chemical Testing	S		S				P
Sample Collection and Other Testing	P		S		S		S
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	S		P		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S	S				
Customer Credit		P	S				
Meter Reading	P		S			S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

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Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NMA	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings—Equity			P	S	S		
Financings--Long Term Debt & Preferred (A)			P	S	S		
Short Term Lines of Credit Arrangements (A)			S	S	S		
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	S		P				
O&M	S		P				
Depreciation and Interest Expense	S		P	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	S		P				
Capital Budget Preparation—Non-Project Work	S		P				
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	S		P				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections (A)	S		P				
Accounting and Taxes							
Accounts Payable Accounting	S		S	P			
Payroll Accounting	S		S	P			
Work Order Accounting	S		S	P			
Fixed Asset Accounting	S		S	P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S		S	P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	NMA	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S				P		
Contract Administration	S				P		
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration			P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Labor Negotiations--Wages	S		P				
Labor Negotiations--Benefits					P		
Labor Negotiations-- Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk				S		P	

Governance Practices Associated With Service Company Charges

There are several ways by which NMA exercises control over Service Company services and charges. The most important of these are described below.

- **Company President Oversight** – The Company President of the state utility is responsible for the overall performance of the each operating company or district in the state. Presently the Western States President is also the President of New Mexico-American. Through the Western States President, New Mexico-American has a significant voice in major business decisions of American Water and has the ability to monitor Service Company quality and spending.
- **Vice President Finance** – The VP Finance of the Western states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The VP Finance monitors the performance and reporting from the Service Company. The VP Finance attends monthly Business Plan Review sessions with the New Mexico-American General Manager and finance group to review actual results and address forecast modifications for the remainder of the year. The VP Finance reports on the quarterly financial results and forecast updates to New Mexico-American's Board of Directors. The rates function reports to the VP Finance, who reviews and authorizes the filing of New Mexico-American rate cases and regularly monitors the status of cases. The operating subsidiary interacts with the VP Finance to discuss various issues.
- **Operating Company Board Oversight** – New Mexico-American's board of directors includes a member of American Water's senior executive team, members of the Division management team and two external Directors. This helps ensure that New Mexico-American's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – The Western States President sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. New Mexico-American's president is also on the local board.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's senior executive team, which includes the President of the Western States. The President, with input from the Division management team, has the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – Western States Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. New Mexico's financial analyst has dialogue with regional office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The Western States' Finance unit prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly Financial Review Package. Unusual variances are researched, explanations are provided and any corrections are made, as deemed necessary.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Regional" and "Corporate" Management Fees.
- **Capital Investment Management Committee (CIMC) –** CIMC is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIMC provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIMC ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIMC process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all New Mexico Operating Units. Monthly meetings of the CIMC are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of New Mexico-American, VP Finance, and others participate as necessary (e.g. operations managers and Rates Manager) and provide the data used in the monthly review schedules.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION BY NEW MEXICO-AMERICAN WATER COMPANY, INC. FOR ADJUSTMENT OF WATER RATES FOR ITS CLOVIS DISTRICT

Case No. 08-00134-UT

NEW MEXICO-AMERICAN WATER COMPANY, INC., Petitioner.

DIRECT TESTIMONY OF

PATRICK L. BARYENBRUCH

ON BEHALF OF

NEW MEXICO-AMERICAN WATER COMPANY, INC.

I. WITNESS BACKGROUND AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Patrick L. Baryenbruch. 2832 Claremont Road, Raleigh, North Carolina, 27608.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY IN THIS CASE.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company ("Service Company") during 12 months ended December 31, 2007 to New Mexico-American Water (NMA). This study was undertaken in conjunction with NMA's rate case and is representative to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

Q. WHAT WERE THE OBJECTIVES OF YOUR STUDY?

A. This study was undertaken to answer four questions. First, were the Service Company's charges to NMA during 2007 reasonable? Second, was NMA charged the lower of cost or market for managerial and professional services provided by the Service Company during 2007? Third, were the 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers comparable to those of other utilities? Fourth, are the services NMA receives from Service Company necessary?

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 1 – WERE SERVICE COMPANY CHARGES TO NMA DURING 2007 REASONABLE?

A. I was able to draw the following conclusions:

(1) American Water's Service Company provides NMA with services similar to those provided by other utility service companies. This was determined based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission (FERC) by electric and combination electric/gas utility holding companies.

(2) American Water's 2007 cost per NMA customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During 2007, NMA was charged $68 per customer by the Service Company compared to an average of $122 per customer for service companies reporting to the FERC.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 2 – WAS NMA CHARGED THE LOWER OF COST OR MARKET FOR MANAGERIAL AND PROFESSIONAL SERVICES PROVIDED BY THE SERVICE COMPANY DURING 2007?

A. I was able to draw the following conclusions:

(1) NMA was charged the lower of cost or market for managerial and professional services during the 12 months ended December 31, 2007.

(2) On average, the hourly rates for comparable services provided by outside service providers are 52% higher than the Service Company.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by NMA without careful supervision on the part of NMA. If these services were contracted entirely to outside providers, NMA would have to add at least one half of one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been outsourced during the 12-months ended December 31, 2007, NMA and its ratepayers would have incurred more than $610,000 in additional expenses. This amount

includes the higher cost of outside providers and the cost of an additional one half NMA position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to NMA from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $610,000 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $26,800 in additional charges from outside providers.

(6) It would be difficult for NMA to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from NMA ratepayers.

Q. WHAT IS YOUR CONCLUSION REGARDING QUESTION 3 – WERE THE 2007 COSTS OF THE SERVICE COMPANY'S CUSTOMER ACCOUNTS SERVICES, INCLUDING THOSE OF THE NATIONAL CALL CENTERS, COMPARABLE TO THOSE OF OTHER UTILITIES?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of neighboring electric utility comparison group. This group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of NMA. During the 12-months ended December 31, 2007, the customer accounts cost for NMA customers was $32.48 compared to the 2006 average of $24.88 for neighboring electric utilities. The highest comparison group per customer cost was $49.27 and the lowest $8.82.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW REGARDING QUESTION 4 - ARE THE SERVICES NMA RECEIVES FROM THE SERVICE COMPANY NECESSARY?

A. I was able to draw the following conclusions:

(1) The services listed in Schedule 10 of my report attached as Exhibit PLB-1 that the Service Company provides are necessary and would be required even if NMA were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to NMA. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes it does.

Market Cost Comparison of Service Company Charges to Ohio American Water Company

12-Months Ended December 31, 2006

Baryenbruch & Company, LLC

Ohio American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Ohio American Water Company (OAWC):

1. Was OAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during 2006?

2. Were the 2006 cost of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services OAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- OAWC was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2006.

- On average, the hourly rates for outside service providers are **55% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by OAWC without careful supervision on the part of OAWC. If these services were contracted entirely to outside providers, OAWC would have to add at least one position to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, OAWC and its ratepayers would have incurred an **additional $1.8 million** in expenses. This amount includes the higher cost of outside providers and the cost of an additional OAWC position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to OAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.8 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $84,000 in additional charges from outside providers.

- It would be difficult for OAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from OAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is within a reasonable range of the average of the comparison group of neighboring electric utilities**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of OAWC. During the 12-months ended December 31, 2006, the customer accounts cost for OAWC customers was $31.70 compared to the 2005 average of $26.45 for neighboring electric utilities. The highest comparison group per customer cost was $46.94 and the lowest $12.43.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if OAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to OAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Works Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in the second quarter of 2001 and a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of OAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks

- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of the Central Region's professional labor is assigned to OAWC during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Central Region's accumulated professional and support labor is charged to OAWC during the month, then 20% of that month's overhead expenses will be assigned to OAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to OAWC, then 2% of that office's office expenses would be assigned to OAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During 2006, the Service Company billed OAWC $3,706,151 in O&M-related and $504,356 in capital-related charges. Included in the O&M amount is $364,509 for which OAWC will not seek recovery. As calculated in the table below, the net O&M and capital charges of $3,845,998 were subjected to a market cost comparison.

Reconciliation to 2006 Testable Service Co Charges

O&M Per OAWC G/L	$	3,706,151
Net O&M Adjustments	$	(364,509)
Net Testable O&M	$	3,341,642
Capital per OAWC G/L	$	504,356
Net Testable SC Charges	$	3,845,998

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	2006		
		Amount	Hours
Management and Professional Services	$	3,082,016	35,958
Customer Account Services	$	763,982	25,291
Total Service Company Charges	$	3,845,998	61,249

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to OAWC during 2006. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing OAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to OAWC. A determination was then made as to whether these services would be required if OAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to OAWC during 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged OAWC during 2006, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 1 (page 10) details the assignment of 2006 management and professional Service Company charges by outsider provider category. Schedule 2 (page 10) shows the same assignment for Service Company management and professional hours charged to OAWC during 2006.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2006 test period non-labor Service Company charges:

- Contract Services – 2006 Service Company charges to OAWC include approximately $289,000 in charges associated with the use of outside professional firms to perform

certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in 2006 Service Company charges to OAWC are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 3 (page 11) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 1 and 2 and the excludable items shown in Schedule 3, the Service Company's equivalent costs per hour for 2006 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 102,617	$ 878,476	$ 1,268,600	$ 832,323	$ 3,082,016
Less:					
Contract services	$ 4,759	$ 108,909	$ 141,573	$ 33,920	$ 289,161
Travel expenses	$ 502	$ 14,926	$ 5,095	$ 14,571	$ 35,094
Computer hardware/software	$ 2	$ 11,222	$ 25,571	$ 598	$ 37,393
Net Service Charges (A)	$ 97,353	$ 743,418	$ 1,096,362	$ 783,234	$ 2,720,368
Total Hours (B)	795	6,118	18,016	11,029	35,958
Average Hourly Rate (A / B)	**$ 122**	**$ 122**	**$ 61**	**$ 71**	

Ohio American Water Company
Analysis of 2006 Service Company Charges By Location And Function

Location	Function	2006 Service Company Charges									
		Attorney		Management Consultant		Certified Public Accountant		Professional Engineer		Total	
Belleville Lab	Water Quality							$	80,721	$	80,721
Call Center	Human Resources			$	19,350					$	19,350
Corporate	Accounting					$	70,964			$	70,964
	Administration	$	8,207	$	158,164	$	104,816	$	72,261	$	343,448
	Audit					$	19,403			$	19,403
	Communications			$	34,096					$	34,096
	Finance					$	85,784			$	85,784
	Human Resources			$	84,344					$	84,344
	Legal	$	38,662							$	38,662
	Operations							$	90,107	$	90,107
	Rates & Revenue					$	55,796			$	55,796
	Risk Management			$	23,254					$	23,254
	Water Quality							$	23,285	$	23,285
Regional Offices	Accounting					$	13,469			$	13,469
	Administration			$	266,731					$	266,731
	Communications			$	56,337					$	56,337
	Customer Service									$	-
	Engineering							$	199,845	$	199,845
	Finance					$	207,574			$	207,574
	Human Resources			$	162,949					$	162,949
	Legal	$	55,748							$	55,748
	Operations							$	235,146	$	235,146
	Risk Management			$	54,885					$	54,885
	Water Quality							$	130,958	$	130,958
Information Technology	Audit					$	8,048			$	8,048
	Information Technology					$	412,370			$	412,370
Shared Services	Accounting					$	211,947			$	211,947
	Administration			$	18,367					$	18,367
	Finance					$	21,070			$	21,070
	Rates & Revenue					$	57,362			$	57,362
Total Dollars Charged		**$**	**102,617**	**$**	**878,476**	**$**	**1,268,600**	**$**	**832,323**	**$**	**3,082,016**

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Ohio American Water Company
Analysis of 2006 Service Company Hours By Location And Function

Location	Function	2006 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				1,197	1,197
Call Center	Human Resources		242			242
Corporate	Accounting			1,260		1,260
	Administration		281			281
	Audit			305		305
	Communications		118			118
	Finance			623		623
	Human Resources		924			924
	Legal	153				153
	Operations				695	695
	Rates & Revenue			178		178
	Risk Management		180			180
	Water Quality				372	372
Regional Offices	Accounting			229		229
	Administration		701			701
	Communications		808			808
	Customer Service					-
	Engineering				3,426	3,426
	Finance			5,222		5,222
	Human Resources		1,488			1,488
	Legal	643				643
	Operations				3,364	3,364
	Risk Management		1,235			1,235
	Water Quality				1,974	1,974
Information Technology	Audit			194		194
	Information Technology			3,803		3,803
Shared Services	Accounting			4,041		4,041
	Administration		141			141
	Finance			707		707
	Rates & Revenue			1,453		1,453
Total Hours Charged		**795**	**6,118**	**18,016**	**11,029**	**35,958**

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Ohio American Water Company
2006 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 75,609	$ 704	$ 509	$ 76,821	Certified Public Accountant
Administration	$ 23,091	$ 5,340	$ 4,837	$ 33,268	Management Consultant
Audit	$ (54)	$ 216		$ 162	Certified Public Accountant
Communications	$ 10,521	$ 1,277	$ 193	$ 11,991	Management Consultant
Engineering	$ 4,177	$ 6,383	$ 185	$ 10,745	Professional Engineer
Finance	$ 17,803	$ 1,415	$ 315	$ 19,532	Certified Public Accountant
Human Resources	$ 39,727	$ 1,822	$ 641	$ 42,190	Management Consultant
Information Technology	$ 41,259	$ 1,389	$ 24,748	$ 67,395	Certified Public Accountant
Legal	$ 4,759	$ 502	$ 2	$ 5,263	Attorney
Operations	$ 34,964	$ 8,417	$ 377	$ 43,758	Management Consultant, Professional Engineer
Rates & Revenue	$ 6,957	$ 1,372		$ 8,328	Certified Public Accountant
Risk Management	$ 2,407	$ 2,872	$ 5,511	$ 10,790	Management Consultant
Water Quality	$ 27,942	$ 3,386	$ 77	$ 31,404	Professional Engineer
Total	**$ 289,161**	**$ 35,094**	**$ 37,393**	**$ 361,648**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 4,759	$ 502	$ 2	$ 5,263
Management Consultant	$ 108,909	$ 14,926	$ 11,222	$ 135,057
Certified Public Accountant	$ 141,573	$ 5,095	$ 25,571	$ 172,238
Professional Engineer	$ 33,920	$ 14,571	$ 598	$ 49,089
Total	**$ 289,161**	**$ 35,094**	**$ 37,393**	**$ 361,648**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Ohio Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Ohio attorneys. Therefore, an Ohio estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 4, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Columbus, Ohio. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Certified Public Accountants

The average hourly rate for Ohio certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Ohio. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been utilized by OAWC during 2006. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

Ohio American Water Company
Estimated Billing Rates For Ohio Attorneys Based On Michigan Attorney Billing Rates

Billing rates as of December 31, 2005 (Note A)														
Firm	Michigan Location	Number Of Mich Lawyers	Billing Rate Range Associate			Partner			Average			Cost of Living Adjust (C)	Adjusted Rate	
Dykema	Detroit	228	$	250		$	408		$	329		82%	$	403
Dickinson Wright PLLC	Detroit	218	$	208		$	385		$	296		82%	$	363
Butzel Long	Detroit	212	$	283		$	385		$	334		82%	$	409
Bodman LLP	Detroit	130	$	168		$	323		$	245		82%	$	300
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$	160		$	358		$	259		94%	$	274
Sommers Schwartz	Southfield	76	$	138		$	193		$	165		94%	$	175
Trott & Trott, PC	Bingham Farms	57	$	188		$	250		$	219		148%	$	148
Brooks Kushman PC	Southfield	52	$	218		$	375		$	296		94%	$	314
Foley & Lardner LLP	Detroit	42	$	298		$	453		$	375		82%	$	460
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$	155		$	263		$	209		113%	$	184
Pepper Hamilton LLP	Detroit	31	$	255		$	448		$	351		82%	$	431
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$	218		$	338		$	278		125%	$	222
O'Reilly Rancilio PC	Sterling Heights	27	$	180		$	238		$	209		96%	$	217
Thrun Law Firm	East Lansing	27	$	190		$	220		$	205		89%	$	229
Strobl & Sharp, PC	Bloomfield Hills	26	$	145		$	275		$	210		125%	$	168
Kupelian Ormond & Magy, PC	Southfield	24	$	173		$	263		$	218		94%	$	230
Parmenter O'Toole	Muskegon	23	$	145		$	238		$	191		78%	$	244
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$	208		$	373		$	290		125%	$	232
Tanoury, Corbet, Shaw, Nauts & Essad PLLC	Detroit	22	$	120		$	180		$	150		82%	$	184
Williams, Williams, Rattner & Plunkett, PC	Birmingham	22	$	200		$	313		$	256		112%	$	228
											Overall Average at December 31, 2005		$	271
											Escalation to Mid-Point of Year - June 30, 2006 (Note B)			
											CPI at December 31, 2005			196.8
											CPI at June 30, 2006			202.9
											Inflation/Escalation			3.1%
											Average Billing Rate At June 30, 2006		**$**	**279**

Note A: Source is Michigan Lawyers Weekly, April 2006
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Columbus, Oh. A number over 100% indicates the Michigan city's cost of living is higher than Columbus. A number less than 100% indicates Columbus' cost of living is higher.

Schedule 5

Ohio American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2006 (Note B)	
CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Consultants At June 30, 2006	**$ 218**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

Ohio American Water Company
Estimated Billing Rates Of Ohio Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 58	$ 83	$ 98	$ 143

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 58	$ 83	$ 98	$ 143	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 17	$ 25	$ 20	$ 29	**$ 90**

CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Ohio CPAs At June 30, 2006	**$ 93**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

Ohio American Water Company
Billing Rates Of Ohio Engineers

Note: Billing rates were those in effect in 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm (B)	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$65	$99	$154	$200
Firm #2	$73	$96	$145	$175
Firm #3	$66	$82	$134	$162

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$68	$92	$144	$179	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$20	$32	$36	$18	**$107**

Note A: source is information provided by American Water Works Service Company
Note B: billing rate information is considered confidential by the outside engineering firms, thus their names are not shown

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2006		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 122	$ 279	$ (157)
Management Consultant	$ 122	$ 218	$ (97)
Certified Public Accountant	$ 61	$ 93	$ (32)
Professional Engineer	$ 71	$ 107	$ (36)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to OAWC during the 12-months ended December 31, 2006, outside service providers would have cost $1,692,642 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 55% higher than those of the Service Company ($1,692,642 / $ 3,082,016).

	12 Months Ended December 31, 2006		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (157)	795	$ (124,629)
Management Consultant	$ (97)	6,118	$ (592,219)
Certified Public Accountant	$ (32)	18,016	$ (583,167)
Professional Engineer	$ (36)	11,029	$ (392,628)
Service Company Less Than Outside Providers			$ (1,692,642)

If OAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 35,958 hours of work (about 24 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing OAWC management team. Thus, it would be necessary for OAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $152,700 per year to OAWC's personnel expenses.

Cost of Adding Administrative Positions To OAWC's Staff

	Total
New Positions' Salary	$ 100,000
Benefits (at 52.7%)	$ 52,700
Total Cost of the New Position	$ 152,700

Thus, the total effect on the ratepayers of OAWC of contracting all services now provided by Service Company would be an increase in their costs of **$1,845,342** ($1,692,642 + $152,700).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for OAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, OAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 9 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Ohio American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Ohio American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Ohio	• Cincinnati Gas & Electric • Cleveland Electric Illuminating • Columbus & Southern Power • Dayton Power & Light	• Ohio Edison • Ohio Power • Toledo Edison
Michigan	• Consumers Energy • Detroit Edison	• Indiana Michigan Power
Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Pennsylvania	• Duquesne Light • Philadelphia Electric • Pennsylvania Electric	• Pennsylvania Power • Pennsylvania Power & Light • West Penn Power
Indiana	• Indiana-Michigan Power • Indianapolis Power & Light	• NIPSCO • Public Service of Indiana
West Virginia	• Wheeling Power	

Some neighboring electric utilities could not be included in the comparison group because they did not submit the necessary FERC Form 1 data.

Comparison Approach

The basis for this comparison is customer account services expenses per customer. OAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, OAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
IT Service Centers
a. Support expenses for the customer information system (ORCOM)
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

OAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to OAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.28 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, OAWC's adjusted annual expense per customer is $31.70—the number that can be compared to neighboring electric utilities' expenses.

Ohio American 2006 Cost Per Customer

	Cost Component	2006 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 669,645	$ 638,256	$ 1,307,901	
Regional Offices		$ 94,337		$ 94,337	
IT/Data Centers	Bill preparation and mailing	$ 136,170		$ 136,170	
Service Company	Customer payment processing			$ 92,058	Note B
Operating Company	Postage & forms			$ 202,279	
			Cost Pool Total	$ 1,832,744	
			Total Customers	57,811	
	2006 Cost Per Ohio American Customer			**$ 31.70**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 669,645
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.28	
Percent different	95%	95%
Total Adjustment B		$ 638,256

Note B: Estimated customer payment processing expenses

Number of customers	57,811
Number of payments/customer/year	12
Total payments processed/year	693,732
Bank charge per item	$ 0.1327
Total estimated annual expense	$ 92,058

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2005 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, OAWC's cost per customer is near the average of the electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to OAWC are within a reasonable range of the comparison group average.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	12.43
West Penn Power	$	13.83
Duquesne Light	$	15.52
Ohio Edison	$	16.68
Cleveland Electric Illuminating	$	17.15
Consumers Energy	$	18.72
Pennsylvania Electric	$	19.13
Pennsylvania Power	$	19.69
Dayton Power & Light	$	19.72
Toledo Edison	$	21.45
Indianapolis Power & Light	$	21.91
PPL Electric	$	22.28
Kentucky Utilities	$	24.87
Union Light, Heat & Power	$	25.64
Pub Service of Indiana	$	26.02
Comparison Group Average	**$**	**26.45**
Wheeling Power	$	29.20
Cin Gas & Electric	$	30.50
Detroit Edison	$	31.50
Indiana Michigan Power	$	31.50
Ohio American Water	**$**	**31.70**
Ohio Power	$	32.30
Indiana Michigan	$	33.29
Kentucky Power	$	34.25
Columbus Southern Power	$	35.49
NIPSCo	$	35.82
PECO Energy	$	46.94

Ohio American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cin Gas & Electric	Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 16,957,239	$ 11,230,608	$ 23,820,271	$ 8,492,898	$ 14,841,763	$ 21,665,275	$ 5,303,736
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 330,392	$ 548,454	$ 43,621	$ -	$ 606,191	$ 57,486	$ 473,314
Subtotal		$ 17,287,631	$ 11,779,062	$ 23,863,892	$ 8,492,898	$ 15,447,954	$ 21,722,761	$ 5,777,050
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,385,460	$ 950,879	$ 861,354	$ 1,102,139	$ 1,332,841	$ 675,068	$ 745,337
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 994,470	$ 333,890	$ 447,526	$ 491,627	$ 471,882	$ 497,301	$ 183,541
Total Cost Pool		**$ 20,667,561**	**$ 13,063,831**	**$ 25,172,772**	**$ 10,086,663**	**$ 17,252,677**	**$ 22,895,130**	**$ 6,705,928**
Total Customers (page 304, line 43)		677,662	761,559	709,305	511,595	1,034,352	708,823	312,698
Customer Account Services Expense per Customer		**$ 30.50**	**$ 17.15**	**$ 35.49**	**$ 19.72**	**$ 16.68**	**$ 32.30**	**$ 21.45**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 47,475,767	$ 15,685,439	$ 12,034,999	$ 15,099,058	$ 18,208,700	$ 17,071,647	$ 9,733,958
Total Payroll (page 355, line 96)		$ 258,720,076	$ 71,996,883	$ 81,737,364	$ 88,041,518	$ 84,269,929	$ 164,393,699	$ 31,333,451
Total Benefits as Percent of Payroll		18.4%	21.8%	14.7%	17.1%	21.6%	10.4%	31.1%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 12,999,608	$ 4,364,576	$ 5,850,008	$ 6,426,492	$ 6,168,392	$ 6,500,661	$ 2,399,227
Pension & Benefits Pertaining to Customer Accts Expenses		$ 2,385,460	$ 950,879	$ 861,354	$ 1,102,139	$ 1,332,841	$ 675,068	$ 745,337
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 12,999,608	$ 4,364,576	$ 5,850,008	$ 6,426,492	$ 6,168,392	$ 6,500,661	$ 2,399,227
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 994,470	$ 333,890	$ 447,526	$ 491,627	$ 471,882	$ 497,301	$ 183,541

Ohio American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Michigan			Kentucky			
		Consumers Energy	Detroit Edison	Indiana Mich Power	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Union Light, Heat & Power
Customer Account Management Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 25,965,885	$ 17,053,003	$ 56,247,419	$ 5,669,498	$ 10,832,569	$ 4,279,581	$ 2,787,640
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 653,028	$ 44,548	$ 338,973	$ 15,566	$ 130,794	$ 276,482	$ 96,072
Subtotal		$ 26,618,913	$ 17,097,551	$ 56,586,392	$ 5,685,064	$ 10,963,363	$ 4,556,063	$ 2,883,712
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 4,513,941	$ 718,820	$ 12,494,278	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,177,758	$ 434,513	$ 2,762,526	$ 135,759	$ 358,923	$ 62,820	$ 195,943
Total Cost Pool		**$ 33,310,612**	**$ 18,250,885**	**$ 71,843,196**	**$ 6,001,796**	**$ 12,963,648**	**$ 4,884,656**	**$ 3,358,947**
Total Customers (page 304, line 43)		1,779,184	579,376	2,158,201	175,255	521,342	392,998	131,028
Customer Account Services Expense per Customer		**$ 18.72**	**$ 31.50**	**$ 33.29**	**$ 34.25**	**$ 24.87**	**$ 12.43**	**$ 25.64**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 93,023,076	$ 26,142,933	$ 239,049,375	$ 3,634,365	$ 22,757,866	$ 21,039,968	$ 3,124,822
Total Payroll (page 355, line 96)		$ 586,655,410	$ 206,573,891	$ 690,909,887	$ 35,638,655	$ 65,053,063	$ 65,008,192	$ 28,657,418
Total Benefits as Percent of Payroll		15.9%	12.7%	34.6%	10.2%	35.0%	32.4%	10.9%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 28,467,430	$ 5,679,911	$ 36,111,452	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351
Pension & Benefits Pertaining to Customer Accts Expenses		$ 4,513,941	$ 718,820	$ 12,494,278	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 28,467,430	$ 5,679,911	$ 36,111,452	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,177,758	$ 434,513	$ 2,762,526	$ 135,759	$ 358,923	$ 62,820	$ 195,943

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Ohio American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Pennsylvania					
		Duquesne Light	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric	West Penn Power
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 7,630,920	$ 51,262,973	$ 10,706,242	$ 2,660,189	$ 24,785,789	$ 7,219,187
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ -	$ 17,091,051	$ 98,990	$ 121,055	$ 602,445	$ -
Subtotal		$ 7,630,920	$ 68,354,024	$ 10,805,232	$ 2,781,244	$ 25,388,234	$ 7,219,187
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 729,457	$ 2,946,156	$ 11,831	$ 227,639	$ 3,320,449	$ 1,860,894
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 732,520	$ 1,155,943	$ 419,574	$ 94,893	$ 1,618,783	$ 637,822
Total Cost Pool		**$ 9,092,897**	**$ 72,456,123**	**$ 11,236,637**	**$ 3,103,776**	**$ 30,327,466**	**$ 9,717,903**
Total Customers (page 304, line 43)		586,050	1,543,543	587,533	157,660	1,361,407	702,792
Customer Account Services Expense per Customer		**$ 15.52**	**$ 46.94**	**$ 19.13**	**$ 19.69**	**$ 22.28**	**$ 13.83**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 8,677,884	$ 36,605,786	$ 136,028	$ 2,618,720	$ 37,811,499	$ 17,383,598
Total Payroll (page 355, line 96)		$ 113,912,649	$ 187,745,320	$ 63,058,697	$ 14,269,687	$ 240,965,158	$ 77,885,393
Total Benefits as Percent of Payroll		7.6%	19.5%	0.2%	18.4%	15.7%	22.3%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 9,575,422	$ 15,110,369	$ 5,484,627	$ 1,240,430	$ 21,160,563	$ 8,337,540
Pension & Benefits Pertaining to Customer Accts Expenses		$ 729,457	$ 2,946,156	$ 11,831	$ 227,639	$ 3,320,449	$ 1,860,894
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 9,575,422	$ 15,110,369	$ 5,484,627	$ 1,240,430	$ 21,160,563	$ 8,337,540
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 732,520	$ 1,155,943	$ 419,574	$ 94,893	$ 1,618,783	$ 637,822

Ohio American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Indiana				West Virginia	
		Indiana Michigan Pwr	Indianapolis Power & Light	NIPSCo	Pub Service of Indiana	Wheeling Power	Group Average
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 17,053,003	$ 7,326,360	$ 14,221,619	$ 14,922,938	$ 1,124,907	$ 384,061,512
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 44,548	$ 397,889	$ 145,257	$ 121,962	$ 3,916	$ 22,242,034
Subtotal		$ 17,097,551	$ 7,724,249	$ 14,366,876	$ 15,044,900	$ 1,128,823	$ 406,303,546
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 718,820	$ 1,899,860	$ 1,155,339	$ 3,726,773	$ 45,742	$ 44,790,477
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 434,513	$ 514,872	$ 470,395	$ 977,535	$ 31,178	$ 16,636,507
Total Cost Pool		**$ 18,250,885**	**$ 10,138,981**	**$ 15,992,610**	**$ 19,749,208**	**$ 1,205,743**	**$ 467,730,530**
Total Customers (page 304, line 43)		579,376	462,837	446,495	758,912	41,294	17,681,277
Customer Account Services Expense per Customer		**$ 31.50**	**$ 21.91**	**$ 35.82**	**$ 26.02**	**$ 29.20**	**$ 26.45**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 26,142,933	$ 32,170,538	$ 31,993,279	$ 62,558,153	$ 486,262	$ 800,666,653
Total Payroll (page 355, line 96)		$ 206,573,891	$ 113,965,747	$ 170,274,964	$ 214,497,393	$ 4,332,473	$ 3,866,470,808
Total Benefits as Percent of Payroll		12.7%	28.2%	18.8%	29.2%	11.2%	20.7%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 5,679,911	$ 6,730,350	$ 6,148,956	$ 12,778,240	$ 407,551	$ 217,470,678
Pension & Benefits Pertaining to Customer Accts Expenses		$ 718,820	$ 1,899,860	$ 1,155,339	$ 3,726,773	$ 45,742	$ 45,033,709
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 5,679,911	$ 6,730,350	$ 6,148,956	$ 12,778,240	$ 407,551	$ 217,470,678
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 434,513	$ 514,872	$ 470,395	$ 977,535	$ 31,178	$ 16,636,507

VI - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to OAWC by the Service Company would be necessary if OAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for OAWC. Based on discussions with Service Company personnel, the matrix in Schedule 10 was created showing which entity—OAWC or a Service Company location—is responsible for each of the functions OAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if OAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to OAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	OAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation					P		
Five-Year System Planning	S		P		S		
Engineering Standards & Policies Development	S		S		P		
Project Design							
Major Projects (e.g., new treatment plant)			S		P		
Special Projects	P		S		P		
Minor Projects (e.g., pipelines)	P		S				
Construction Project Management							
Major Projects	P		P		P		
Special Projects	S		P		P		
Minor Projects	P		S				
Hydraulics Review	S		P				
Developers Extensions	P		S				
Tank Painting	P		S				
Water Quality and Purification							
Water Quality Standards Development			S		P		S
Research Studies			S		P		P
Water Quality Program Implementation	S		S		P		
Water Treatment Operations & Maintenance	P		S				
Compliance Sampling							P
Testing/Other Sampling							P
Transmission and Distribution							
Preventive Maintenance Program Development	S		P				
System Maintenance	P		S				
Leak Detection	P		S				
Customer Service							
Community Relations	S		P				
Customer Contact	S	P	S				
Call Processing		P					
Service Order Processing	S	P					
Customer Credit		P					
Meter Reading	P						
Customer Bill Preparation						P	
Bill Collection	S	P		S			
Customer Payment Processing						P	
Meter Standards Development					P		
Meter Testing, Maintenance & Replacement	P						

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	OAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P		P		
Financings—Equity			S		P		
Financings--Long Term Debt & Preferred (A)			P		S		
Short Term Lines of Credit Arrangements (A)			S		P		
Investor Relations					P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P	S		
Financial Analysis & Review	S		P	S			
Internal Control Reviews	S		P		S		
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions	S		P				
Budget Preparation							
Revenue and O&M	S		P				
Depreciation and Interest Expense	S		P				
Budget Preparation--Service Company Charges		P	P	P	P	P	P
Capital Budget Preparation—Projects	S		S		P		
Capital Budget Preparation--Non-Project Work	P		S				
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P		S	S	S		
Prepare Capital Project Budget Status Report	S		P		S		
Year-End Projections (A)	S		P				
Accounting and Taxes							
Accounts Payable Accounting				P			
Payroll Accounting				P			
Work Order Accounting				P			
Fixed Asset Accounting				P			
Journal Entry Preparation--Billing Corrections				P			
Journal Entry Preparation--All Others				P			
Financial Statement Preparation				P			
State Commission Reporting				P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes				P			
Gross Receipts Taxes				P			

Note A: Projections are developed for certain cost types by Ohio American and by the Service Company for other cost types.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	OAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration			P				
Rate Case Planning and Preparation	S		P				
Rate Case Preparation	S		P	S			
Rate Case Administration	S		P				
Commission Inquiry Response	S		P	S			
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S		P	P			
Contract Administration	P		S	S			
Ordering	P						
Inventory Management	P						
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration					P		
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration					P		
Labor Negotiations--Wages	P		S				
Labor Negotiations--Benefits	P		S				
Labor Negotiations-- Work Rules	P		S				
Training Program Development	S		P		S		
Training--Course Delivery			P				
Affirmative Action/EEO--Plan Development					P		
Affirmative Action/EEO--Implementation	P		S				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk						P	

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Governance Practices Associated With Service Company Charges

There are several ways by which OAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Regional President Oversight** – The Regional President of the Central Region is on the Executive Management Team (EMT) of American Water. The Regional President is responsible for the overall performance of each operating company in the region, including OAWC. As part of the EMT, each Regional President has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The Regional President also serves as a Director on the Board of the Service Company.

- **Regional Vice President & Treasurer** – The Regional Vice President and Treasurer of the Central Region is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The Regional Service Delivery and Finance Directors monitor the performance and reporting from the Service Company and pushes back whenever the quality and service are not appropriate.

- **Operating Company Board Oversight** – OAWC board of directors includes the Regional President, Vice President of Operations and Vice President of Finance.

- **Service Company Budget Review/Approval** – Every Regional President sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Regional President. The Regional President, with input from the regional management team has the ability to impact all new initiatives and projects before they are authorized. Projects ultimately must be accounted for in the Service Company Budget, approved by its Board.

- **Service Company Bill Scrutiny** – Operating company personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Any mistakes or overcharges are credited on a subsequent billing.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, the monthly financial review meetings are held to review various aspects of the financial statements of the Service Company.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. The Regional President attends the monthly review of the Service Company which includes an analysis of variances in both operating and financial data.

- **Capital Investment Management (CIM) –** Capital investment within American Water is a significant and essential part of the business. It is necessary to maintain regulatory compliance, provide for reliable, efficient, and quality service, keep pace with growth, and

facilitate appropriate infrastructure renewal. American Water's CIM policy supports the following objectives:

- Capital investment plans are developed and aligned with business plan objectives
- Effective technical oversight and governance is in place for individual projects
- Establishes investment strategies that represent value enhancements for customers
- Periodically review investment performance against established objectives and make adjustments to meet business needs

The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including OAWC.

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Direct Testimony of Patrick L. Baryenbruch
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1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during 2006 to Ohio American Water (OAWC). This study was undertaken in conjunction with OAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions. First, was OAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during 2006? Second, were the 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services OAWC receives from Service Company necessary?

6. Q. What conclusions were you able to draw concerning question number 1, whether OAWC was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) OAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended December 31, 2006.

(2) On average, the hourly rates for outside service providers are 55% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by OAWC without careful supervision on the part of OAWC. If these services were contracted entirely to outside providers, OAWC would have to add at least one position to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, OAWC and its ratepayers would have incurred an additional $1.8 million in expenses. This amount includes the higher cost of outside providers and the cost of an additional OAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to OAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.8 million cited above. For instance, if Service Company overtime is

conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $84,000 in additional charges from outside providers.

(6) It would be difficult for OAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from OAWC ratepayers.

7. Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to OAWC?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the average of the comparison group of neighboring electric utilities. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of OAWC. During the 12-months ended December 31, 2006, the customer accounts cost for OAWC customers was $27.59 compared to the 2005 average of $28.09 for neighboring electric utilities. The highest comparison group per customer cost was $68.26 and the lowest $12.43.

9. Q. What conclusions were you able to draw concerning the necessity of the services OAWC receives from the Service Company?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if OAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to OAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

10. Q. Does this complete your testimony?

A. Yes.

Market Cost Comparison of Service Company Charges Provided to Tennessee American Water Company

12-Months Ended June 30, 2006

Baryenbruch & Company, LLC

Tennessee American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended June 30, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Tennessee American Water Company (TAWC):

1. Was TAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12-months ended June 30, 2006?

2. Were the 12-months ended June 30, 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services TAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- TAWC was charged the lower of cost or market for managerial and professional services during the 12-months ended June 30, 2006.

- On average, the hourly rates for outside service providers are **34% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by TAWC without careful supervision on the part of TAWC. If these services were contracted entirely to outside providers, TAWC would have to add one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended June 30, 2006, TAWC and its ratepayers would have incurred an **additional $1.6 million** in expenses. This amount includes the higher cost of outside providers and the cost of a TAWC position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to TAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.6 million cited above.

- It would be difficult for TAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from TAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is below the average of the comparison group of neighboring electric utilities**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of TAWC. During the 12-months ended June 30, 2006, the customer accounts cost for TAWC customers was $28.32 compared to the 2005 average of $31.73 for neighboring electric utilities. The highest comparison group 2005 per customer cost was $65.51 and the lowest $12.61.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if TAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to TAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in the second quarter of 2001 a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of TAWC, which incurred the expense on its books. TAWC transitioned to the Alton Call Center during July and August 2003. During the test period, TAWC also utilized the Pensacola Call Center.

- National Shared Services Center – The Shared Services Center, located in Mount Laurel, New Jersey during 2005 and moved to Cherry Hill, New Jersey in January 2006, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they have not been consolidated into the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations. There are four regional offices—Northeast, Southeast, Central and West.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Voorhees, New Jersey, supports the IT infrastructure required to run corporate and operating company business applications and the email system. Two smaller data centers, located in Hershey, Pennsylvania and Richmond, Indiana host some Company servers and print customer bills. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees

- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges.

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries.

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet (see example in Schedule 1) that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable).

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

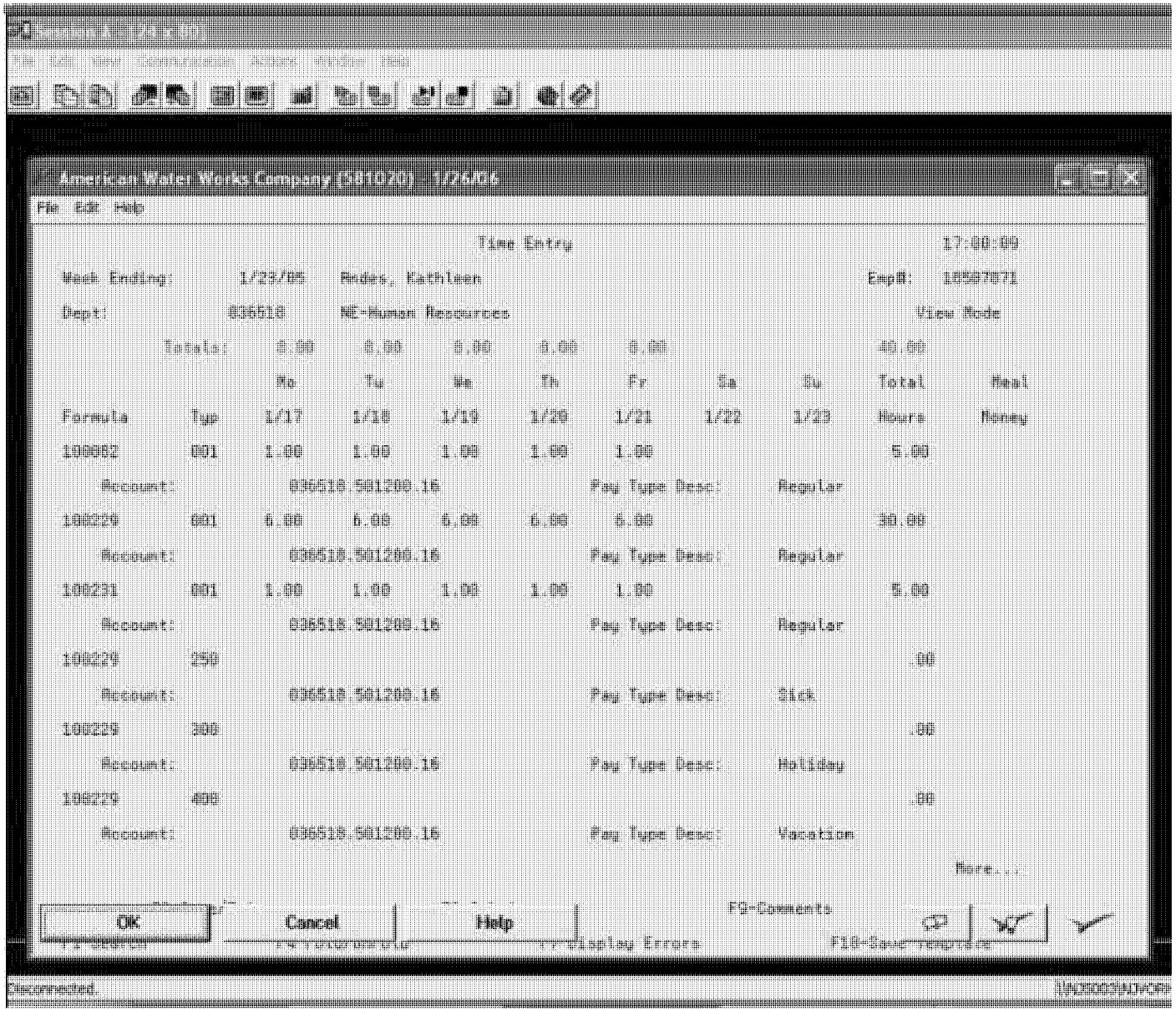
Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 2% of the Voorhees Data Center's professional labor is assigned to TAWC during a month, then 2% of that office's monthly administrative labor charges also is assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 2% of the Corporate Office's accumulated professional and support labor is charged to TAWC during the month, then 2% of that month's overhead expenses will be assigned to TAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to TAWC, then 2% of that office's office expenses would be assigned to TAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a state rate case proceeding are charged directly to the operating company whose case is being heard.

Tennessee American Water Company
Sample Electronic Time Sheet



III – Service Company Cost Comparison Approach

During the 12-months ended June 30, 2006, Service Company charged TAWC $4,536,342. For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12-Months Ended June 30, 2006	
	Amount	Hours
Management and Professional Services	$ 3,580,292	31,995
Customer Account Services	$ 956,050	29,476
Total Charges	$ 4,536,342	61,471

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to TAWC during the 12-months ended June 30, 2006. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing TAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to TAWC. A determination was then made as to whether these services would be required if TAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services, it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues
- Professional Engineers – engineering, operations and water quality services.

It should be noted that the services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar educational backgrounds as Service Company engineering personnel. In fact, many Belleville employees have engineering degrees. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to TAWC during the 12-months ended June 30, 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged TAWC during the 12-months ended June 30, 2006, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 2 (pages 10-11) details the assignment of 2006 test period management and professional Service Company charges and hours to outsider provider categories.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2006 test period non-labor Service Company charges:

- Contract Services – 12-months ended June 30, 2006 Service Company charges to TAWC include over $700,000 in charges associated with existing arrangements with

outside professional firms who perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12-months ended June 30, 2006 Service Company charges to TAWC are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the email system. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

- Severance Payments – During the 12-months ended June 30, 2006, the Service Company instituted layoffs that resulted in severance payments to some departing employees. TAWC's portion of these payments are excluded from the hourly rate calculation because they are non-recurring items.

Schedule 3 (page 12) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 3 and 4, the Service Company's equivalent costs per hour for the 12-months ended June 30, 2006 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 169,849	$ 1,324,057	$ 1,408,453	$ 677,933	$ 3,580,292
Less:					
Contract services	4,748	395,354	300,437	12,653	713,192
Travel expenses	8,977	60,781	34,559	40,128	144,445
Computer hardware/software	(1)	44,399	40,436	6,575	91,409
Severance expenses		28,534			28,534
Net Service Charges (A)	$ 156,124	$ 794,989	$ 1,033,021	$ 618,577	$ 2,602,711
Total Hours (B)	1,396	5,167	16,097	9,335	31,995
Average Hourly Rate (A / B)	**$ 112**	**$ 154**	**$ 64**	**$ 66**	

Exhibit Witness: PLB-1
Schedule 2
Page 1 of 2

Tennessee American Water Company
Analysis of 12-Months Ended June 30, 2006 Service Company Charges By Location And Function

		12-Months Ended June 30, 2006 Service Company Charges				
Location	Function	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 103,764	$ 103,764
Call Center	Human Resources		$ 21,925			$ 21,925
Corporate	Accounting			$ 74,831		$ 74,831
	Administration	$ 14,063	$ 627,448	$ 84,973	$ 51,499	$ 777,983
	Audit			$ 34,763		$ 34,763
	Communications		$ 41,968			$ 41,968
	Finance			$ 111,853		$ 111,853
	Human Resources		$ 157,104			$ 157,104
	Legal	$ 44,579				$ 44,579
	Operations				$ 99,126	$ 99,126
	Rates & Revenue			$ 68,440		$ 68,440
	Risk Management		$ 25,496			$ 25,496
	Water Quality				$ 24,829	$ 24,829
Central Region	Administration		$ 2,463			$ 2,463
	Communications		$ 662			$ 662
	Engineering				$ 801	$ 801
	Finance			$ (109)		$ (109)
	Human Resources		$ 752			$ 752
	Legal	$ 347				$ 347
	Operations				$ 171	$ 171
	Risk Management		$ 375			$ 375
	Water Quality				$ 280	$ 280
Northeast Region	Administration		$ 2,523			$ 2,523
	Communications		$ 321			$ 321
	Engineering				$ 92	$ 92
	Finance			$ 1,079		$ 1,079
	Human Resources		$ 696			$ 696
	Legal	$ 794				$ 794
	Operations				$ 2,503	$ 2,503
	Risk Management		$ 254			$ 254
	Water Quality				$ 14	$ 14
Southeast Region	Administration		$ 193,214			$ 193,214
	Communications		$ 39,609			$ 39,609
	Engineering				$ 82,049	$ 82,049
	Finance			$ 150,046		$ 150,046
	Human Resources		$ 85,563			$ 85,563
	Legal	$ 109,758				$ 109,758
	Operations				$ 247,745	$ 247,745
	Risk Management		$ 36,345			$ 36,345
	Water Quality				$ 66,551	$ 66,551
Western Region	Administration		$ 294			$ 294
	Communications		$ (78)			$ (78)
	Engineering				$ 208	$ 208
	Finance			$ 1,160		$ 1,160
	Human Resources		$ (13)			$ (13)
	Legal	$ 307				$ 307
	Operations				$ (1,754)	$ (1,754)
	Risk Management		$ (12)			$ (12)
	Water Quality				$ 55	$ 55
IT	Information Systems			$ 517,967		$ 517,967
Supply Chain	Accounting			$ 80,842		$ 80,842
Shared Services	Accounting			$ 232,176		$ 232,176
	Administration		$ 87,148			$ 87,148
	Finance			$ 32,458		$ 32,458
	Rates & Revenue			$ 17,973		$ 17,973
	Total	**$ 169,849**	**$ 1,324,057**	**$ 1,408,453**	**$ 677,933**	**$ 3,580,292**

Exhibit Witness: PLB-1
Schedule 2
Page 2 of 2

Tennessee American Water Company
Analysis of 12-Months Ended June 30, 2006 Service Company Hours By Location And Function

		12-Months Ended June 30, 2006 Service Company Hours				
Location	Function	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				1,639	1,639
Call Center	Human Resources		228			228
Corporate	Accounting			24		24
	Administration		1,207			1,207
	Audit			345		345
	Communications		140			140
	Finance			578		578
	Human Resources		569			569
	Legal	198				198
	Operations				795	795
	Rates & Revenue			179		179
	Risk Management		285			285
	Water Quality				411	411
Central Region	Administration		-			-
	Communications					-
	Engineering				2	2
	Finance			6		6
	Human Resources		26			26
	Legal					-
	Operations					-
	Risk Management					-
	Water Quality					-
Northeast Region	Administration		2			2
	Communications					-
	Engineering					-
	Finance			1		1
	Human Resources		0			0
	Legal	2				2
	Operations				7	7
	Risk Management					-
	Water Quality					-
Southeast Region	Administration		621			621
	Communications		414			414
	Engineering				763	763
	Finance			2,692		2,692
	Human Resources		912			912
	Legal	1,195				1,195
	Operations				4,355	4,355
	Risk Management		557			557
	Water Quality				1,364	1,364
Western Region	Administration		-			-
	Communications					-
	Engineering				(1)	(1)
	Finance					-
	Human Resources					-
	Legal	1				1
	Operations					-
	Risk Management					-
	Water Quality					-
IT	Information Systems			4,583		4,583
Supply Chain	Accounting			1,480		1,480
Shared Services	Accounting			4,810		4,810
	Administration		204			204
	Finance			997		997
	Rates & Revenue			402		402
	Total	**1,396**	**5,167**	**16,097**	**9,335**	**31,995**

Tennessee American Water Company
12-Months Ended June 30, 2006 Service Company Charges Excludable From The Hourly Rate Calculation – Contract Services, Travel Expenses and Computer Hardware/Software

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Severance Payments	Total
Accounting	$ 160,062	$ 4,463	$ 707		$ 165,232
Administration	$ 326,061	$ 39,485	$ 42,017	$ 28,347	$ 435,910
Audit	$ 8,568	$ 3,262			$ 11,830
Communications	$ 16,882	$ 4,541	$ 89		$ 21,512
Engineering		$ 3,275			$ 3,275
Finance	$ 25,377	$ 9,389	$ 129		$ 34,895
Human Resources	$ 50,262	$ 9,712	$ 56	$ 187	$ 60,217
Information Systems	$ 89,740	$ 12,226	$ 39,600		$ 141,566
Legal	$ 4,748	$ 8,977	$ (1)		$ 13,724
Operations	$ 10,275	$ 31,039	$ 1,130		$ 42,444
Rates & Revenue	$ 16,690	$ 5,219			$ 21,909
Risk Management	$ 2,149	$ 7,043	$ 2,237		$ 11,429
Water Quality	$ 2,378	$ 5,814	$ 5,445		$ 13,637
Total	**$ 713,192**	**$ 144,445**	**$ 91,409**	**$ 28,534**	**$ 977,580**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Severance Payments	Total
Attorney	$ 4,748	$ 8,977	$ (1)	$ -	$ 13,724
Management Consultant	$ 395,354	$ 60,781	$ 44,399	$ 28,534	$ 529,068
Certified Public Accountant	$ 300,437	$ 34,559	$ 40,436	$ -	$ 375,432
Professional Engineer	$ 12,653	$ 40,128	$ 6,575	$ -	$ 59,356
Total	**$ 713,192**	**$ 144,445**	**$ 91,409**	**$ 28,534**	**$ 977,580**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Tennessee Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Tennessee attorneys. Therefore, a Tennessee estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 4, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Chattanooga, Tennessee. The survey includes rates that were in effect at December 31, 2005—the midpoint of the 12-months ended 2006.

Management Consultants

The cost per hour for management consultants was developed from the 2005 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2004 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The 2004 average rate was escalated to December 31, 2005—the midpoint of 12-months ended June 30, 2006.

Certified Public Accountants

The average hourly rate for Tennessee certified public accountants was developed from a 2004 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Tennessee. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2003, thus they had to be escalated to December 31, 2005—the midpoint of 12-months ended June 30, 2006.

Professional Engineers

The Service Company provided hourly rate information for three outside engineering firms that were used by TAWC in 2005 and 2006. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

Tennessee American Water Company
Estimated Billing Rates Of Tennessee Attorneys

Billing rates as of December 31, 2005 (Note A)							
		Number				Cost of Living	
	Michigan	Of Michigan	Billing Rate Range			Adjustment	Adjusted
Firm	Location	Lawyers	Low	High	Avg	(C)	Rate
Dykema	Detroit	228	$ 250	$ 408	$ 329	89.8%	$ 295
Dickinson Wright	Detroit	218	$ 208	$ 385	$ 296	89.8%	$ 266
Butzel Long	Detroit	212	$ 283	$ 385	$ 334	89.8%	$ 300
Bodman	Detroit	130	$ 168	$ 323	$ 245	89.8%	$ 220
Jaffe Raitt Heuer & Weiss	Southfield	95	$ 160	$ 358	$ 259	93.1%	$ 241
Sommers Schwartz	Southfield	76	$ 138	$ 193	$ 165	93.1%	$ 154
Trott & Trott	Bingham Farms	57	$ 188	$ 250	$ 219	79.4%	$ 174
Brooks Kushman	Southfield	52	$ 218	$ 375	$ 296	93.1%	$ 276
Foley & Lardner	Detroit	42	$ 298	$ 453	$ 375	89.8%	$ 337
Kemp, Klein, Umphrey, Edelman & May	Troy	38	$ 155	$ 263	$ 209	89.1%	$ 186
Pepper Hamilton	Detroit	31	$ 255	$ 448	$ 351	89.8%	$ 315
Hertz, Schram & Saretsky	Bloomfield Hills	30	$ 218	$ 338	$ 278	80.3%	$ 223
O'Reilly Rancilio	Sterling Heights	27	$ 180	$ 238	$ 209	91.6%	$ 191
Thrun Law Firm	East Lansing	27	$ 190	$ 220	$ 205	90.2%	$ 185
Strobl & Sharp	Bloomfield Hills	26	$ 145	$ 275	$ 210	80.3%	$ 169
Kuperlian Ormond & Magy	Southfield	24	$ 173	$ 263	$ 218	93.1%	$ 203
Parmenter O'Toole	Muskegon	23	$ 145	$ 238	$ 191	97.5%	$ 187
Rader, Fishman & Grauer	Bloomfield Hills	23	$ 208	$ 373	$ 290	80.3%	$ 233
Tanoury, Corbet, Shaw, Nauts & Essad	Detroit	22	$ 120	$ 180	$ 150	89.8%	$ 135
Williams, Williams, Ratner & Plunkett	Birmingham	22	$ 200	$ 313	$ 256	64.3%	$ 165
	Overall Average		$ 195	$ 314	$ 254		$ 223
Estimated Average Hourly Billing Rate For Tennessee Attorneys At December 31, 2005							**$ 223**

Note A: Source is Michigan Lawyers Weekly, Michigan's Largest Law Firms (April 2006)
Note B: Source is US Bureau of Labor Statistics (http://data.bls.gov/cgi-bin/surveymost)
Note C: Represents Chattanooga's cost of living as a percent of the Michigan city in which the law firm is located. Source of this information is www.homefair.com.

Schedule 5

Tennessee American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2004 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 145	$ 172	$ 229	$ 295	$ 321

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 145	$172	$229	$295	$321	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 51	$ 46	$ 29	$ 32	**$ 202**

Escalation to Test Year Mid-Point December 31, 2005 (Note B)

CPI at December 31, 2004	190.3
CPI at December 31, 2005	196.8
Inflation/Escalation	6.5%
Estimated Average Hourly Billing Rate For Consultants At December 31, 2005	**$ 216**

Note A: source: "Operating Ratios For Management Consulting Firms, 2005 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

Tennessee American Water Company
Estimated Billing Rates Of Tennessee Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2003 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 72	$ 77	$ 120	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 72	$ 77	$ 120	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 22	$ 23	$ 24	$ 32	$ 101

Escalation to Test Year Mid-Point December 31, 2005 (Note B)	
CPI at December 31, 2003	184.3
CPI at December 31, 2005	196.8
Inflation/Escalation	12.5%
Estimated Average Hourly Billing Rate For Tennessee CPAs At Dec. 31, 2005	**$ 113**

Note A: Source is AICPA's 2004 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

Tennessee American Water Company
Billing Rates Of Tennessee Engineers

Note: Billing rates are the average for 2005 and 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$59	$99	$122	$133
Firm #2	$67	$78	$125	$149

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$63	$88	$123	$141	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$19	$31	$31	$14	**$95**

Source: Information provided by American Water Works Service Company. Firm names have not been disclosed to preserve the confidentiality of their hourly rates.

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended June 30, 2006		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 112	$ 223	$ (111)
Management Consultant	$ 154	$ 216	$ (62)
Certified Public Accountant	$ 64	$ 113	$ (49)
Professional Engineer	$ 66	$ 95	$ (29)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to TAWC during the 12-months ended June 30, 2006, outside service providers would have cost $1,530,452 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 34% higher than those of the Service Company ($1,530,452 / $4,536,342).

	12 Months Ended June 30, 2006		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (111)	1,396	$ (155,217)
Management Consultant	$ (62)	5,167	$ (321,083)
Certified Public Accountant	$ (49)	16,097	$ (785,939)
Professional Engineer	$ (29)	9,335	$ (268,213)
Net Service Co Less Than Outside Providers			$ (1,530,452)

If TAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 31,995 hours of work (around 21 full-time equivalents at 1,500 billable hours per FTE) would add a significant workload to the existing TAWC management team. Thus, it would be necessary for TAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $121,400 per year to TAWC's personnel expenses.

Cost of Adding Administrative Positions To TAWC's Staff

	Total
New Positions' Salary	$ 85,000
Benefits (at 52%)	$ 36,400
Total Cost of the New Position	$ 121,400

Thus, the total effect on the ratepayers of TAWC of contracting all services now provided by Service Company would be an increase in their costs of **$1,651,852** ($1,530,452 + $121,400).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%

These studies present further evidence that the Service Company arrangement is the lowest-cost alternative for TAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, TAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 8 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Tennessee American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Tennessee American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Tennessee	• Kingsport Power	
Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Virginia	• Appalachian Power	• Virginia Electric Power
North Carolina	• Duke Power	• Progress Energy – Carolinas
Georgia	• Georgia Power	• Savannah Electric
Alabama	• Alabama Power	
Mississippi	• Entergy Mississippi	• Mississippi Power
Arkansas	• Entergy Arkansas	
Missouri	• Aquila	• Union Electric

Several neighboring electric utilities could not be included in the comparison group because they did not submit the necessary FERC Form 1 data.

Comparison Approach

The basis for this comparison is customer account services expenses per customer. TAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, TAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company Pensacola & Alton Call Centers a. Customer contact b. Customer order processing c. Billing information processing d. Collections e. Correspondence processing IT Service Centers a. Support expenses for the customer information system (ORCOM) New Jersey American a. Payment processing

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense a. Customer contact b. Customer order processing c. Bill preparation and mailing d. Collections e. Payment processing f. Correspondence processing

TAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to TAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.32 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, TAWC's adjusted annual expense per customer is $28.32—the number that can be compared to neighboring electric utilities' expenses.

Year Ended June 30, 2006 TAWC Cost Per Customer			Tennessee American	
Cost Component			Actual	Adjusted
Service Company				
Call Centers	Call processing, order processing, credit, bill collection	Note A	$ 866,197	$ 1,640,525
Regional Offices	Customer service support		$ 89,853	$ 89,853
IT Services	Customer info system support, bill printing			$ 245,314
Operating Company	Customer payment processing	Note B		$ 107,702
	Cost Pool Total			$ 2,083,394
	Average Number of Customers			73,567
	Year Ended June 30, 2006 Cost Per Customer			**$ 28.32**

Note A: Adjustment for American Water's fewer calls per customer		
Net Test Year Call Center Charges (above)		$ 866,197
Electric Utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.32	
Multiplier		1.89
Total estimated cost		$ 1,640,525

Note B: Estimated customer customer payment processing expenses	
Average number of customers	73,567
Average number of payments/customer/year	12
Total payments processed/year	882,804
Bank charge per item	$ 0.1220
Total estimated annual expense	$ 107,702

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2005 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, TAWC's cost per customer is below the average of the electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to TAWC are reasonable.

Customer Account Services Expenses Per Customer	
Louisville Gas & Electric	$ 12.61
Virginia Electric Power	$ 15.77
Union Electric	$ 22.38
Aquilla	$ 22.84
Duke Power	$ 24.35
Union Light, Heat & Power	$ 25.75
Kentucky Utilities	$ 25.78
Progress Energy - Carolinas	$ 27.09
Tennessee American Water	**$ 28.32**
Comparison Group Average	**$ 31.73**
Kingsport Power	$ 32.18
Appalachian Power	$ 32.40
Kentucky Power	$ 34.25
Georgia Power	$ 43.44
Alabama Power	$ 48.50
Savannah Electric	$ 54.72
Mississippi Power	$ 58.93
Entergy Arkansas	$ 60.77
Entergy Mississippi	$ 65.51

Tennessee American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky			
		Appalachian Power	Virginia Electric Power	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Union Light, Heat & Power
Customer Accounts Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 28,324,797	$ 27,055,213	$ 5,669,498	$ 10,832,569	$ 4,279,581	$ 2,787,640
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 65,026	$ -	$ 15,566	$ 130,794	$ 276,482	$ 96,072
Subtotal		$ 28,389,823	$ 27,055,213	$ 5,685,064	$ 10,963,363	$ 4,556,063	$ 2,883,712
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	(A)	$ 1,155,330	$ 6,548,241	$ 180,973	$ 2,120,162	$ 337,225	$ 294,880
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	(B)	$ 850,432	$ 2,461,320	$ 135,759	$ 358,923	$ 62,820	$ 195,943
Total Cost Pool		**$ 30,395,584**	**$ 36,064,774**	**$ 6,001,796**	**$ 13,442,448**	**$ 4,956,108**	**$ 3,374,536**
Total Customers (page 304, line 43)		938,029	2,287,193	175,255	521,342	392,998	131,028
Customer Accounts Expense per Customer		**$ 32.40**	**$ 15.77**	**$ 34.25**	**$ 25.78**	**$ 12.61**	**$ 25.75**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 17,426,702	$ 130,305,500	$ 3,634,365	$ 22,757,866	$ 21,039,968	$ 3,124,822
Total Payroll (page 355, line 96)		$ 167,682,274	$ 640,242,951	$ 35,638,655	$ 50,361,993	$ 51,234,200	$ 27,142,406
Total Benefits as Percent of Payroll		10.4%	20.4%	10.2%	45.2%	41.1%	11.5%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 11,116,753	$ 32,174,121	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351
Pension & Benefits Pertaining to Customer Accts Expenses		$ 1,155,330	$ 6,548,241	$ 180,973	$ 2,120,162	$ 337,225	$ 294,880
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 11,116,753	$ 32,174,121	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351
Employer's Portion of FICA		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 850,432	$ 2,461,320	$ 135,759	$ 358,923	$ 62,820	$ 195,943

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Tennessee American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Georgia		Mississippi		North Carolina	
		Georgia Power	Savannah Electric	Energy Mississippi	Mississippi Power	Carolina Power & Light	Duke Power
Customer Accounts Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 75,830,790	$ 6,350,790	$ 21,603,464	$ 8,329,478	$ 23,024,010	$ 43,499,424
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 721,329	$ 5,674	$ 850	$ 1,431,145	$ 7,101,028	$ 3,497,590
Subtotal		$ 76,552,119	$ 6,356,464	$ 21,604,314	$ 9,760,623	$ 30,125,038	$ 46,997,014
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	(A)	$ 9,654,370	$ 1,295,013	$ 1,316,361	$ 844,455	$ 5,640,268	$ 5,296,520
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	(B)	$ 4,923,716	$ 312,656	$ 285,927	$ 468,229	$ 1,272,861	$ 2,239,312
Total Cost Pool		**$ 91,130,205**	**$ 7,964,134**	**$ 23,206,603**	**$ 11,073,307**	**$ 37,038,167**	**$ 54,532,846**
Total Customers (page 304, line 43)		2,097,807	145,544	354,230	187,909	1,367,435	2,239,513
Customer Accounts Expense per Customer		**$ 43.44**	**$ 54.72**	**$ 65.51**	**$ 58.93**	**$ 27.09**	**$ 24.35**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 96,796,552	$ 12,889,431	$ 22,987,263	$ 15,497,826	$ 142,055,003	$ 149,922,345
Total Payroll (page 355, line 96)		$ 645,308,750	$ 40,678,526	$ 65,268,940	$ 112,328,864	$ 419,060,053	$ 828,569,320
Total Benefits as Percent of Payroll		15.0%	31.7%	35.2%	13.8%	33.9%	18.1%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 64,362,306	$ 4,087,010	$ 3,737,614	$ 6,120,641	$ 16,638,704	$ 29,272,048
Pension & Benefits Pertaining to Customer Accts Expenses		$ 9,654,370	$ 1,295,013	$ 1,316,361	$ 844,455	$ 5,640,268	$ 5,296,520
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 64,362,306	$ 4,087,010	$ 3,737,614	$ 6,120,641	$ 16,638,704	$ 29,272,048
Employer's Portion of FICA		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 4,923,716	$ 312,656	$ 285,927	$ 468,229	$ 1,272,861	$ 2,239,312

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Tennessee American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Tennessee	Missouri		Alabama	Arkansas	
		Kingsport Power	Aquilla	Union Electric	Alabama Power	Entergy Arkansas	Group Average
Customer Accounts Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 1,433,975	$ 8,536,953	$ 21,732,269	$ 58,210,665	$ 27,300,865	$ 374,801,981
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 2,709	$ 182,261	$ 467,706	$ -	$ 303,672	$ 14,297,904
Subtotal		$ 1,436,684	$ 8,719,214	$ 22,199,975	$ 58,210,665	$ 27,604,537	$ 389,099,885
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	(A)	$ 19,249	$ 1,241,896	$ 3,189,312	$ 5,848,557	$ 6,224,256	$ 51,207,068
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	(B)	$ 22,989	$ 483,132	$ 1,012,104	$ 3,467,698	$ 611,803	$ 19,165,626
Total Cost Pool		**$ 1,478,923**	**$ 10,444,242**	**$ 26,401,390**	**$ 67,526,920**	**$ 34,440,596**	**$ 459,472,579**
Total Customers (page 304, line 43)		45,960	457,368	1,179,621	1,392,352	566,699	$ 14,480,283
Customer Accounts Expense per Customer		**$ 32.18**	**$ 22.84**	**$ 22.38**	**$ 48.50**	**$ 60.77**	**$ 31.73**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 260,234	$ 27,719,175	$ 92,704,386	$ 48,267,265	$ 69,049,690	$ 876,438,393
Total Payroll (page 355, line 96)		$ 4,062,743	$ 140,961,291	$ 384,562,394	$ 374,096,694	$ 88,720,642	$ 4,075,920,696
Total Benefits as Percent of Payroll		6.4%	19.7%	24.1%	12.9%	77.8%	21.5%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 300,515	$ 6,315,455	$ 13,230,112	$ 45,329,390	$ 7,997,429	$ 250,531,060
Pension & Benefits Pertaining to Customer Accts Expenses		$ 19,249	$ 1,241,896	$ 3,189,312	$ 5,848,557	$ 6,224,256	$ 51,207,068
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 300,515	$ 6,315,455	$ 13,230,112	$ 45,329,390	$ 7,997,429	$ 250,531,060
Employer's Portion of FICA		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 22,989	$ 483,132	$ 1,012,104	$ 3,467,698	$ 611,803	$ 19,165,626

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VI - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to TAWC by the Service Company would be necessary if TAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for TAWC. Based on discussions with Service Company personnel, the matrix in Schedule 10 was created showing which entity—TAWC or a Service Company location—is responsible for each of the functions TAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if TAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to TAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	Tennessee American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		S				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	P		S		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	S		P				
Developers Extensions	P						
Tank Painting	P		S				
Water Quality and Purification							
Water Quality Standards Development			S		S		P
Research Studies	S				S		P
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Sampling	P		S				S
Testing/Other Sampling	S		S		S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S					
Customer Credit		P					
Meter Reading	P					S	
Customer Bill Preparation		S				P	
Bill Collection	S	P				S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

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Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	Tennessee American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P		S		
Financings—Equity					S		
Financings--Long Term Debt & Preferred (A)	S		P				
Short Term Lines of Credit Arrangements (A)	S		P				
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	S		P				
O&M	P		S				
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P		S				
Capital Budget Preparation--Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	S		P				
Prepare Capital Project Budget Status Report	P		S				
Year-End Projections	P		S				
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation--Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S			P			
Gross Receipts Taxes	S			P			

Note A: Financings and lines of credit are the responsibility of American Water Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	Tennessee American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	P		S				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	P		S				
Labor Negotiations--Wages	P		S				
Labor Negotiations--Benefits					P		
Labor Negotiations--Work Rules	P		S				
Training Program Development	S		S		P		
Training--Course Delivery	P						
Affirmative Action/EEO--Plan Development	P						
Affirmative Action/EEO--Implementation	P						
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration			P			S	
PC Acquisition & Support			P			S	
Help Desk			S			P	

Governance Practices Associated With Service Company Charges

There are several ways by which TAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Regional President Oversight** – The Regional President of the Southeast Region is on the Executive Management Team (EMT) of American Water. The Regional President is responsible for the overall performance of each operating company in the region, including PAWC, VAWC, WVAWC, KAWC, TAWC, MAWC. As part of the EMT, each Regional President has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending.

- **Regional Vice President & Treasurer** – The Regional Vice President and Treasurer of the Southeast Region is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The Vice President and Treasurer monitor the performance and reporting from the Service Company to insure the timely and accurate support.

- **Operating Company Board Oversight** – TAWC board of directors includes members of American Water's EMT, members of the regional management team and business and community leaders from outside the Company. This helps ensure that Tennessee American's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – Every operating company president sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Regional President. The Regional President, with input from the regional management team has the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Regional office personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. Any mistakes or overcharges are credited on a subsequent billing.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date.

- **Capital Investment Management** (CIM) – CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water and Thames Water. The current CIM process and procedures were established in 2003 as part of an initiative to implement leading water industry practices. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business,
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans,
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all Tennessee American Operating Units.

P.Baryenbruch

Tennessee American Water Company

1. **Q. Please state your name and business address.**

   A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. **Q. Please describe your educational and professional background**.

   A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

   I am a certified public accountant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

   I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

   During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), Pacific Gas & Electric Company and Southern California Edison.

   My firm has performed or is performing the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. **Q. What are your duties and responsibilities in your current position?**

A. I am the President of my own consulting practice, Baryenbruch & Company, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. **Q. Please describe the reason for your testimony in this case**.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company, Inc. ("Service Company") during the 12-months ended June 30, 2006 to Tennessee American Water Company ("TAWC"). This study was undertaken in conjunction with TAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. **Q. What were the objectives of your study?**

A. This study was undertaken to answer three questions. First, was TAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12-months ended June 30, 2006? Second, were the 12-months ended June 30, 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services TAWC receives from Service Company necessary?

6. **Q. What conclusions were you able to draw concerning question number 1, the economic impact of outsourcing all the services provided by the Service Company?**

A. I was able to draw the following conclusions:

(1) TAWC was charged the lower of cost or market for managerial and professional services during the 12-months ended June 30, 2006.

(2) On average, the hourly rates for outside service providers are 34% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by TAWC without careful supervision on the part of TAWC. If these services were contracted entirely to outside providers, TAWC would have to add one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended June 30, 2006, TAWC and its ratepayers would have incurred an additional $1.6 million in expenses. This amount includes the higher cost of outside providers and the cost of a TAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to TAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.6 million cited above.

(6) It would be difficult for TAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from TAWC ratepayers.

7. **Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to TAWC?**

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the average of the comparison group of neighboring electric utilities. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of TAWC. During the 12-months ended June 30, 2006, the customer accounts cost for TAWC customers was $28.32 compared to the 2005 average of $31.73 for neighboring electric utilities. The highest comparison group 2005 per customer cost was $65.51 and the lowest $12.61.

8. **Q. What conclusions were you able to draw concerning the necessity of the services TAWC receives from the Service Company?**

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if TAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to TAWC. For all of the services listed in Schedule 10 of my report, there was only one entity that was primarily responsible for the service.

9. **Q. Does this complete your testimony?**

A. Yes.

Market Cost Comparison of Service Company Charges to Virginia American Water Company

12-Months Ended September 30, 2007

Baryenbruch & Company, LLC

Virginia American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended September 30, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Virginia American Water Company (VAWC):

1. Was VAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2007?

2. Was the 12 months ended September 30, 2007 cost of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services VAWC receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- VAWC was charged the lower of cost or market for managerial and professional services during the 12-months ended September 30, 2007.

- On average, the hourly rates for outside service providers are 46% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by VAWC without careful supervision on the part of VAWC. If these services were contracted entirely to outside providers, VAWC would have to add at least one position to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended September 30, 2007, VAWC and its ratepayers would have incurred more than $1.2 million in additional expenses. This amount includes the higher cost of outside providers and the cost of an additional VAWC position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to VAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.2 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $56,000 in additional charges from outside providers.

- It would be difficult for VAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from VAWC ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of VAWC. During the 12-months ended September 30, 2007, the customer accounts cost for VAWC customers was $31.03 compared to the 2006 average of $28.57 for neighboring electric utilities. The highest comparison group per customer cost was $74.21 and the lowest $13.46.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if VAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to VAWC. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

II - Background

Overview Of American Water Works Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of VAWC, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks

- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of the Southeast Region's professional labor is assigned to VAWC during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Southeast Region's accumulated professional and support labor is charged to VAWC during the month, then 20% of that month's overhead expenses will be assigned to VAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to VAWC, then 2% of that office's office expenses would be assigned to VAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended September 30, 2007, the Service Company billed VAWC $4,458,383 in O&M-related charges, $265,518 in capital-related charges and $8,293 other charges. Included in the O&M amount are certain non-recurring expenses and charge from non-Southeast Region charges for which VAWC is not seeking recovery. As calculated in the table below, net Service Company charges of $3,296,676 were subjected to a market cost comparison.

	12 Months Ended September 30, 2007
Total Management Fees (O&M)	$ 4,458,383
JE to reclass pension expense	$ (862,993)
Mgmt Fee Expense per P&L	$ 3,595,390
Less: Non-Recurring Expenses	
Divestiture & SOX	$ (516,068)
Business Change	$ (12,590)
Write-Off of Svc Co Bldg	$ (8,293)
Net O&M Adjustments	$ (536,952)
Less: Non-Central Regions	$ (36,574)
Net Testable O&M	$ 3,021,865
Total Capital	$ 266,518
Total Other	$ 8,293
Total Testable SC Charges	**$ 3,296,676**

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended Sept. 30, 2007	
	Amount	Hours
Management and Professional Services	$ 2,474,926	24,399
Customer Account Services	$ 821,750	22,311
Total Service Company Charges	$ 3,296,676	46,711

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to VAWC during the 12 months ended September 30, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing VAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to VAWC. A determination was then made as to whether these services would be required if VAWC were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to VAWC during the 12 months ended September 30, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged VAWC during 2006, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 1 (page 10) details the assignment of 12 months ended September 30, 2007 management and professional Service Company charges by outsider provider category. Schedule 2 (page 10) shows the same assignment for Service Company management and professional hours charged to VAWC during the 12 months ended September 30, 2007.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2007 test period non-labor Service Company charges:

- Contract Services – 12 months ended September 30, 2007 Service Company charges to VAWC include approximately $88,000 in expenses associated with the use of outside

professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended September 30, 2007 Service Company charges to VAWC are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 3 (page 11) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 1 and 2 and the excludable items shown in Schedule 3, the Service Company's equivalent costs per hour for the 12 months ended September 30, 2007 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 79,237	$ 928,973	$ 1,020,240	$ 446,476	$ 2,474,926
Less:					
Contract services	$ 1,027	$ 22,660	$ 47,621	$ 16,842	$ 88,150
Travel expenses	$ 5,721	$ 89,271	$ 110,141	$ 48,969	$ 254,101
Computer hardware/software	$ 0	$ 12,915	$ 26,698	$ 1,880	$ 41,493
Net Service Charges (A)	$ 72,488	$ 804,127	$ 835,780	$ 378,785	$ 2,091,181
Total Hours (B)	372	5,573	12,770	5,684	24,399
Average Hourly Rate (A / B)	**$ 195**	**$ 144**	**$ 65**	**$ 67**	

Virginia American Water Company
Analysis of 12 Months Ended September 30, 2007 Service Company Charges By Location And Function

Location	Function	12 Months Ended September 30, 2007 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 75,843	$ 75,843
Call Center	Human Resources		$ 15,541			$ 15,541
Corporate	Accounting			$ 126,492		$ 126,492
	Administration		$ 204,189			$ 204,189
	Audit			$ 20,392		$ 20,392
	Communications		$ 34,533			$ 34,533
	Engineering					$ -
	Finance			$ 57,035		$ 57,035
	Human Resources		$ 78,804			$ 78,804
	Legal	$ 37,011				$ 37,011
	Operations		$ 58,678		$ 17,731	$ 76,409
	Rates & Revenue			$ 43,615		$ 43,615
	Risk Management		$ 29,910			$ 29,910
	Water Quality				$ 18,762	$ 18,762
Regional Offices	Accounting			$ 11,427		$ 11,427
	Administration		$ 207,652			$ 207,652
	Communications		$ 59,289			$ 59,289
	Engineering				$ 99,171	$ 99,171
	Finance			$ 137,488		$ 137,488
	Human Resources		$ 62,735			$ 62,735
	Legal	$ 42,226				$ 42,226
	Operations		$ 81,049		$ 198,101	$ 279,150
	Risk Management		$ 39,501			$ 39,501
	Water Quality				$ 36,868	$ 36,868
Information Technology	Information Technology			$ 425,025		$ 425,025
Shared Services	Accounting			$ 166,019		$ 166,019
	Administration		$ 57,093			$ 57,093
	Finance			$ 21,678		$ 21,678
	Rates & Revenue			$ 11,069		$ 11,069
Total Dollars Charged		**$ 79,237**	**$ 928,973**	**$ 1,020,240**	**$ 446,476**	**$ 2,474,926**

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Virginia American Water Company
Analysis of 12 Months Ended September 30, 2007Service Company Hours By Location And Function

Location	Function	12 Months Ended September 30, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				1,080	1,080
Call Center	Human Resources		186			186
Corporate	Accounting			1,489		1,489
	Administration		1			1
	Audit			202		202
	Communications		144			144
	Engineering				47	47
	Finance			468		468
	Human Resources		881			881
	Legal	141				141
	Operations		287		296	583
	Rates & Revenue			112		112
	Risk Management		235			235
	Water Quality				300	300
Regional Offices	Accounting			173		173
	Administration		859			859
	Communications		732			732
	Engineering				1,525	1,525
	Finance			2,259		2,259
	Human Resources		734			734
	Legal	231				231
	Operations		611		2,053	2,664
	Risk Management		689			689
	Water Quality				383	383
Information Technology	Information Technology			3,803		3,803
Shared Services	Accounting			3,478		3,478
	Administration		213			213
	Finance			621		621
	Rates & Revenue			165		165
Total Hours Charged		**372**	**5,573**	**12,770**	**5,684**	**24,399**

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Virginia American Water Company
12 Months Ended September 30, 2007 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 2,318	$ 30,909	$ 970	$ 34,197	Certified Public Accountant
Administration	$ 9,507	$ 22,812	$ 476	$ 32,795	Management Consultant
Audit	$ -	$ 232	$ 2,844	$ 3,077	Certified Public Accountant
Communications	$ 4,971	$ 11,303	$ -	$ 16,274	Management Consultant
Engineering	$ 285	$ 619	$ (4)	$ 900	Professional Engineer
Finance	$ 931	$ 31,155	$ 1	$ 32,087	Certified Public Accountant
Human Resources	$ 2,111	$ 32,475	$ 392	$ 34,978	Management Consultant
Information Technology	$ 44,372	$ 35,464	$ 22,888	$ 102,723	Certified Public Accountant
Legal	$ 1,027	$ 5,721	$ 0	$ 6,749	Attorney
Operations	$ 3,860	$ 59,413	$ 13,209	$ 76,482	Management Consultant, Professional Engineer
Rates & Revenue	$ -	$ 12,381	$ (5)	$ 12,375	Certified Public Accountant
Risk Management	$ 2,994	$ 16,623	$ 159	$ 19,776	Management Consultant
Water Quality	$ 15,775	$ (5,005)	$ 563	$ 11,332	Professional Engineer
Total	**$ 88,150**	**$ 254,101**	**$ 41,493**	**$ 383,745**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 1,027	$ 5,721	$ 0	$ 6,749
Management Consultant	$ 22,660	$ 89,271	$ 12,915	$ 124,845
Certified Public Accountant	$ 47,621	$ 110,141	$ 26,698	$ 184,459
Professional Engineer	$ 16,842	$ 48,969	$ 1,880	$ 67,691
Total	**$ 88,150**	**$ 254,101**	**$ 41,493**	**$ 383,745**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys (Virginia Lawyers Weekly used to ask for hourly rates in its annual survey but eliminated that question a few years ago). Therefore, an estimate of Virginia attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 3, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Richmond, Virginia. The survey includes rates that were in effect at December 31, 2006. Thus, the 2006 average rate was escalated to March 31, 2007—the midpoint of the 12 months ended September 30, 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2006. Thus, the 2006 average rate was escalated to March 31, 2007—the midpoint of the 12 months ended September 30, 2007.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 4. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to March 31, 2007—the midpoint of the 12 months ended September 30, 2007.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been utilized by VAWC during 2007. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

Virginia American Water Company
Estimated Billing Rates For Virginia Attorneys Based On Michigan Attorney Billing Rates

Billing rates as of December 31, 2006 (Note A)									
		Number	Billing Rate Range					Cost of Living	
	Michigan	Of Mich	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit	218	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Butzel Long	Detroit	212	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit	130	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms	57	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit	31	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills	26	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield	24	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
							Overall Average at December 31, 2006		$ 271

Escalation to Midpoint of September 30, 2007 Test Period (Note B)	
CPI at December 31, 2006	201.8
CPI at March 31, 2007	205.4
Inflation/Escalation	1.8%
Average Billing Rate At March 31, 2007 - midpoint of 12 months ended September 30, 2007	**$ 276**

Note A: Source is Michigan Lawyers Weekly, April 2007
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Richmond, Va. A number over 100% indicates the Michigan city's cost of living is higher than Richmond. A number less than 100% indicates Richmond's cost of living is higher.

Schedule 5

Virginia American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2006 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 187	$ 235	$ 306	$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$187	$235	$306	$358	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 43	$ 56	$ 47	$ 31	$ 36	**$ 212**

Escalation to Midpoint of September 30, 2007 Test Period (Note B)

CPI at December 31, 2006	201.8
CPI at March 31, 2007	205.4
Inflation/Escalation	1.8%
Average Hourly Billing Rate For Management Consultants At March 31, 2007	**$ 216**

Note A: source: "Operating Ratios For Management Consulting Firms, 2007 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

Virginia American Water Company
Estimated Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 70	$ 87	$ 125	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 70	$ 87	$ 125	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 26	$ 25	$ 32	**$ 104**

Escalation to Midpoint of September 30, 2007 Test Period (Note B)

CPI at December 31, 2005	196.8
CPI at March 31, 2007	205.4
Inflation/Escalation	4.4%
Estimated Average Hourly Billing Rate For Virginia CPAs At March 31, 2007	**$ 109**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

Virginia American Water Company
Billing Rates Of Virginia Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$71	$85	$133	$168
Firm #2	$58	$65	$90	na
Firm #3	$53	$66	$110	$148
Firm #4	$73	$104	$130	$150
Firm #5	$63	$90	$119	$154

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$63	$82	$116	$155	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$19	$29	$29	$15	**$92**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended September 30, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 195	$ 276	$ (82)
Management Consultant	$ 144	$ 216	$ (72)
Certified Public Accountant	$ 65	$ 109	$ (43)
Professional Engineer	$ 67	$ 92	$ (26)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to VAWC during the 12-months ended September 30, 2007, outside service providers would have cost $1,127,069 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 46% higher than those of the Service Company ($1,127,069 / $ 2,474,926).

	12 Months Ended September 30, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (82)	372	$ (30,356)
Management Consultant	$ (72)	5,573	$ (400,089)
Certified Public Accountant	$ (43)	12,770	$ (551,278)
Professional Engineer	$ (26)	5,684	$ (145,346)
Service Company Less Than Outside Providers			$ (1,127,069)

If VAWC were to use outside service providers rather than the Services Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 24,399 hours of work (more than 16 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing VAWC management team. Thus, it would be necessary for VAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $152,700 per year to VAWC's personnel expenses.

Cost of Adding Administrative Positions To VAWC's Staff

	Total
New Positions' Salary	$ 100,000
Benefits (at 52.7%)	$ 52,700
Total Cost of the New Position	$ 152,700

Thus, the total effect on the ratepayers of VAWC of contracting all services now provided by Service Company would be an increase in their costs of **$1,279,769** ($1,127,069 + $152,700).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for VAWC.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, VAWC's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 9 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Virginia American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Ohio American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Virginia	• Appalachian Power	• Virginia Electric Power
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
Tennessee	• Kingsport Power	
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
West Virginia	• Wheeling Power	
North Carolina	• Duke Energy Carolinas	• Progress Energy Carolinas

Comparison Approach

The basis for this comparison is customer account services expenses per customer. VAWC's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, VAWC's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

VAWC Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to VAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.33 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, VAWC's adjusted annual expense per customer is $31.03—the number that can be compared to neighboring electric utilities' expenses.

Virginia American Water Company			Adjustment Fewer Calls For		
Cost Component		Service Co Charges	Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 739,456	$ 652,049	$ 1,391,505	
Regional Offices		$ 82,294		$ 82,294	
Service Company	Customer payment processing			$ 40,805	Note B
Operating Company	Postage & forms			$ 168,786	
			Cost Pool Total	$ 1,683,390	
			Total Customers	54,247	
	12 Months Ended September 30, 2007 Cost Per Virginia American Customer			**$ 31.03**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 739,456
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.33	
Percent different	88%	88%
Total Adjustment B		$ 652,049

Note B: Estimated customer payment processing expenses

Number of customers	54,247
Number of payments/customer/year	4.3
Total payments processed/year	233,262
Bank charge per item	$ 0.1749
Total estimated annual expense	$ 40,805

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2006 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, VAWC's cost per customer is within a reasonable range of the average of the neighboring electric utility comparison group. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to VAWC are reasonable.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	13.46
Virginia Electric Power	$	14.89
Duke Power	$	22.16
Prog Energy - Carolinas	$	24.75
Kentucky Utilities	$	27.14
Comparison Group Average	**$**	**28.57**
Wheeling Power	$	29.48
Virginia American Water	**$**	**31.03**
Baltimore Gas & Electric	$	31.26
Appalachian Power	$	33.43
Kingsport Power	$	33.56
Kentucky Power	$	35.75
Duke Energy Kentucky	$	39.46
Delmarva Power & Light	$	50.81
Potomac Electric	$	74.21

Virginia American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky				Tennessee
		Appalachian Power	Virginia Electric Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Kingsport Power
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,331,456	$ 27,749,294	$ 3,332,632	$ 5,947,615	$ 11,543,567	$ 4,361,172	$ 1,511,496
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 11,100	$ -	$ 6,343	$ 2,104	$ 70,757	$ 248,889	$ 394
Subtotal		$ 29,342,556	$ 27,749,294	$ 3,338,975	$ 5,949,719	$ 11,614,324	$ 4,610,061	$ 1,511,890
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,619,469	$ 5,512,149	$ 1,031,926	$ 232,836	$ 2,465,044	$ 652,046	$ 23,327
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 632,616	$ 1,409,136	$ 274,415	$ 94,616	$ 249,993	$ 87,152	$ 15,342
Total Cost Pool		**$ 31,594,641**	**$ 34,670,579**	**$ 4,645,316**	**$ 6,277,171**	**$ 14,329,361**	**$ 5,349,259**	**$ 1,550,560**
Total Customers (page 304, line 43)		945,079	2,328,219	117,722	175,571	527,907	397,331	46,208
Customer Account Services Expense per Customer		**$ 33.43**	**$ 14.89**	**$ 39.46**	**$ 35.75**	**$ 27.14**	**$ 13.46**	**$ 33.56**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 20,536,170	$ 151,939,229	$ 8,999,663	$ 3,888,690	$ 28,229,324	$ 24,717,445	$ 207,762
Total O&M Payroll (page 355, line 65)		$ 104,863,883	$ 507,738,955	$ 31,284,068	$ 20,656,477	$ 37,423,258	$ 43,185,745	$ 1,786,218
Benefits as Percent of Payroll		19.6%	29.9%	28.8%	18.8%	75.4%	57.2%	11.6%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 10,675,980	$ 25,718,017	$ 2,925,473	$ 1,496,370	$ 4,588,293	$ 880,094	$ 260,452
Gas (page 354, line 37)		$ -	$ -	$ 1,823,135	$ -	$ -	$ 757,336	$ -
Total Payroll Charged to Customer Accounts		$ 10,675,980	$ 25,718,017	$ 4,748,608	$ 1,496,370	$ 4,588,293	$ 1,637,430	$ 260,452
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,331,456	$ 27,749,294	$ 3,332,632	$ 5,947,615	$ 11,543,567	$ 4,361,172	$ 1,511,496
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 11,100	$ -	$ 6,343	$ 2,104	$ 70,757	$ 248,889	$ 394
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,342,556	$ 27,749,294	$ 3,338,975	$ 5,949,719	$ 11,614,324	$ 4,610,061	$ 1,511,890
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 8,538,899	$ 10,994,121	$ 1,081,142	$ 1,248,628	$ 4,692,871	$ 2,015,982	$ 451,535
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 37,881,455	$ 38,743,415	$ 4,420,117	$ 7,198,347	$ 16,307,195	$ 6,626,043	$ 1,963,425
Percent Applicable to Customer Accounts Services (903 and 905)		77.5%	71.6%	75.5%	82.7%	71.2%	69.6%	77.0%
Customer Account Services Portion of Total Payroll		$ 8,269,496	$ 18,420,080	$ 3,587,118	$ 1,236,809	$ 3,267,878	$ 1,139,240	$ 200,555
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,619,469	$ 5,512,149	$ 1,031,926	$ 232,836	$ 2,465,044	$ 652,046	$ 23,327
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 8,269,496	$ 18,420,080	$ 3,587,118	$ 1,236,809	$ 3,267,878	$ 1,139,240	$ 200,555
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 632,616	$ 1,409,136	$ 274,415	$ 94,616	$ 249,993	$ 87,152	$ 15,342

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Virginia American Water Company
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Maryland			West Virginia	North Carolina		
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Wheeling Power	Prog Energy Carolinas	Duke Energy Carolinas	Group Average
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 24,951,967	$ 22,955,724	$ 42,649,066	$ 1,141,812	$ 45,691,330	$ 23,621,392	$ 244,788,523
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 2,055,350	$ 132,342	$ -	$ 885	$ 4,198,373	$ 3,030,346	$ 9,756,883
Subtotal		$ 27,007,317	$ 23,088,066	$ 42,649,066	$ 1,142,697	$ 49,889,703	$ 26,651,738	$ 254,545,406
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,600,814	$ 2,458,773	$ 11,804,990	$ 57,485	$ 5,112,756	$ 3,433,604	$ 43,005,220
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,206,236	$ 502,937	$ 1,219,591	$ 19,421	$ 1,536,425	$ 842,363	$ 9,090,242
Total Cost Pool		**$ 37,814,367**	**$ 26,049,777**	**$ 55,673,647**	**$ 1,219,603**	**$ 56,538,884**	**$ 30,927,705**	**$ 306,640,868**
Total Customers (page 304, line 43)		1,209,559	512,673	750,260	41,371	2,284,274	1,395,954	10,732,128
Customer Account Services Expense per Customer		**$ 31.26**	**$ 50.81**	**$ 74.21**	**$ 29.48**	**$ 24.75**	**$ 22.16**	**$ 28.57**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 46,781,318	$ 13,589,355	$ 40,935,859	$ 381,452	$ 173,527,451	$ 98,636,568	$ 612,370,286
Total O&M Payroll (page 355, line 65)		$ 156,864,023	$ 36,335,641	$ 55,282,932	$ 1,684,579	$ 681,652,343	$ 316,319,018	$ 1,995,077,140
Benefits as Percent of Payroll		29.8%	37.4%	74.0%	22.6%	25.5%	31.2%	30.7%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 22,532,516	$ 7,615,995	$ 17,351,748	$ 343,548	$ 23,342,805	$ 15,542,207	$ 133,273,498
Gas (page 354, line 37)		$ 11,481,793	$ 1,343,999	$ -	$ -	$ -	$ -	$ 15,406,263
Total Payroll Charged to Customer Accounts		$ 34,014,309	$ 8,959,994	$ 17,351,748	$ 343,548	$ 23,342,805	$ 15,542,207	$ 148,679,761
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 24,951,967	$ 22,955,724	$ 42,649,066	$ 1,141,812	$ 45,691,330	$ 23,621,392	$ 244,788,523
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,055,350	$ 132,342	$ -	$ 885	$ 4,198,373	$ 3,030,346	$ 9,756,883
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 27,007,317	$ 23,088,066	$ 42,649,066	$ 1,142,697	$ 49,889,703	$ 26,651,738	$ 254,545,406
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,845,852	$ 8,378,025	$ 3,770,383	$ 403,661	$ 8,095,094	$ 10,966,689	65482882
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 31,853,169	$ 31,466,091	$ 46,419,449	$ 1,546,358	$ 57,984,797	$ 37,618,427	$ 320,028,288
Percent Applicable to Customer Accounts Services (903 and 905)		84.8%	73.4%	91.9%	73.9%	86.0%	70.8%	1005.9%
Customer Account Services Portion of Total Payroll		$ 28,839,681	$ 6,574,345	$ 15,942,366	$ 253,868	$ 20,083,982	$ 11,011,275	$ 118,826,693
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,600,814	$ 2,458,773	$ 11,804,990	$ 57,485	$ 5,112,756	$ 3,433,604	$ 36,472,743
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 28,839,681	$ 6,574,345	$ 15,942,366	$ 253,868	$ 20,083,982	$ 11,011,275	$ 118,826,693
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,206,236	$ 502,937	$ 1,219,591	$ 19,421	$ 1,536,425	$ 842,363	$ 9,090,242

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VI - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to VAWC by the Service Company would be necessary if VAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for VAWC. Based on discussions with Service Company personnel, the matrix in Schedule 10 was created showing which entity—VAWC or a Service Company location—is responsible for each of the functions VAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if VAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to VAWC. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	VAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		P				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	S		P		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	P		S				
Developers Extensions	P						
Tank Painting	S		P				
Water Quality and Purification							
Water Quality Standards Development			S		P		S
Research Studies	S				P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Tracking and Chemical Testing	S		S				P
Sample Collection and Other Testing	P		S		S		S
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	S		P		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S	S				
Customer Credit		P	S				
Meter Reading	P		S			S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	VAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings—Equity			P	S	S		
Financings--Long Term Debt & Preferred (A)			P	S	S		
Short Term Lines of Credit Arrangements (A)			S	S	S		
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	S		P				
O&M	S		P				
Depreciation and Interest Expense	S		P	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	S		P				
Capital Budget Preparation—Non-Project Work	S		P				
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	S		P				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections (A)	S		P				
Accounting and Taxes							
Accounts Payable Accounting	S		S	P			
Payroll Accounting	S		S	P			
Work Order Accounting	S		S	P			
Fixed Asset Accounting	S		S	P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S		S	P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	VAWC	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S				P		
Contract Administration	P				P		
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration			P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Labor Negotiations--Wages	S		P				
Labor Negotiations--Benefits					P		
Labor Negotiations-- Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk				S		P	

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Governance Practices Associated With Service Company Charges

There are several ways by which VAWC exercises control over Service Company services and charges. The most important of these are described below.

- **Company President Oversight** – The Company President of the state utility is responsible for the overall performance of the each operating company or district in the state. Through the Executive Vice President of the Eastern Division, each state utility President in the division has a significant voice in major business decisions of American Water and has the ability to monitor Service Company quality and spending.

- **Vice President Finance** – The VP Finance of the Southeast states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The VP Finance monitors the performance and reporting from the Service Company. The VP Finance attends monthly Business Plan Review sessions with the VAWC President and finance group to review actual results and address forecast modifications for the remainder of the year. The VP Finance reports on the quarterly financial results and forecast updates to VAWC's Board of Directors. The rates function reports to the VP Finance, who reviews and authorizes the filing of VAWC rate cases and regularly monitors the status of cases. The operating subsidiary interacts with the VP Finance to discuss various issues.

- **Operating Company Board Oversight** – VAWC's board of directors includes members of American Water's senior executive team and members of the Division management team. This helps ensure that VA American's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – VAWC's President and the Executive VP sit on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. VA American's president is also on the local board.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's senior executive team, which includes the Executive VP. The Executive VP, with input from the Division management team (including the president of VAWC), has the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Southeast Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. VAWC's financial analyst has dialogue with regional office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The Southeast Finance unit prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting –** The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Regional" and "Corporate" Management Fees.

- **Capital Investment Management (CIM) –** CIMC is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIMC provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIMC ensures that:

  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIMC process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all VAWC Operating Units. Monthly meetings of the CIMC are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of VAWC, VP Finance, and others participate as necessary (e.g. VAWC operations managers and Rates Manager) and provide the data used in the monthly review schedules.

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during 12 months ended September 30, 2007 to Virginia American Water (VAWC). This study was undertaken in conjunction with VAWC's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions. First, was VAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2007? Second, were the 12 months ended September 30, 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services VAWC receives from Service Company necessary?

6. Q. What conclusions were you able to draw concerning question number 1, whether VAWC was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) VAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2007.

(2) On average, the hourly rates for outside service providers are 46% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by VAWC without careful supervision on the part of VAWC. If these services were contracted entirely to outside providers, VAWC would have to add at least one position to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended September 30, 2007, VAWC and its ratepayers would have incurred more than $1.2 million in additional expenses. This amount includes the higher cost of outside providers and the cost of an additional VAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to VAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.2 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would

have cost an estimated $56,000 in additional charges from outside providers.

(6) It would be difficult for VAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from VAWC ratepayers.

7. Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to VAWC?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of neighboring electric utility comparison group. This group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of VAWC. During the 12-months ended September 30, 2007, the customer accounts cost for VAWC customers was $31.03 compared to the 2006 average of $28.57 for neighboring electric utilities. The highest comparison group per customer cost was $74.21 and the lowest $13.46.

9. Q. What conclusions were you able to draw concerning the necessity of the services VAWC receives from the Service Company?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if VAWC were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to VAWC. For all of the services listed in Schedule 10 of my report, there was only one entity that was primarily responsible for the service.

10. Q. Does this complete your testimony?

A. Yes.

Market Cost Comparison of Service Company Charges to Virginia American Water Company

12-Months Ended September 30, 2009

Baryenbruch & Company, LLC

Virginia American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended September 30, 2009

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I – Introduction

Purpose of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to Virginia American Water Company (VAWC):

1. Were the Service Company's charges to VAWC during the 12 months ended September 30, 2009 reasonable?

2. Was VAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009?

3. Were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services VAWC receives from the Service Company necessary?

Study Results

Concerning question 1, the following conclusion was reached:

- The Service Company's costs for the 12 months ended September 30, 2009 per VAWC customer was very reasonable. For example, during the 12 months ended September 30, 2009, VAWC was charged $58 per customer for administrative and general ('A&G")-related services provided by the Service Company. This compares favorably to costs per customer for electric and combination electric/gas service companies that average $109 for service companies reporting to the Federal Energy Regulatory Commission ("FERC"). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower A&G cost per customer than VAWC's charges from the Service Company.

Concerning question 2, the following conclusions were drawn from this study:

- VAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2009.

- On average, the hourly rates for outside service providers are 60% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could only be procured effectively by VAWC from outside professionals if it provided careful supervision to those service providers. If these services were contracted entirely to outside providers, VAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended September 30, 2009, VAWC and its ratepayers would have incurred more than $2.2 million in additional expenses. This amount includes the higher cost of outside providers and the cost of one VAWC position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to VAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $2.2 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $100,000 in additional charges from outside providers.

- It would be difficult for VAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from VAWC customers.

Concerning question 3, the following conclusion was reached:

- The cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the average of the neighboring electric utility comparison group. As will be explained further , this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and VAWC. During the 12-months ended September 30, 2009, the customer accounts cost for VAWC customers was $27.58 compared to the 2008 average of $29.13 for neighboring electric utilities. The highest comparison group per customer cost was $76.47 and the lowest $15.67.

Concerning question 4, the following conclusions was drawn:

- The services that the Service Company provides are necessary and would be required even if VAWC were a stand-alone water utility.

- Furthermore, there is no redundancy or overlap in the services provided by the Service Company to VAWC. For all of the services listed in Exhibit 11, there was only one entity primarily responsible for the service and thus no duplication of efforts between the Service Company and VAWC.

II – Background

Overview of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding its own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like VAWC, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One is in Alton, Illinois that went into operation in 2001 and a second is in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of VAWC in a manner that was not as .comprehensive as that now provided by the national call centers.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering, operations and field resource coordination.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology ("IT") Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial

services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company
- Formula number
- Work order (where applicable)
- Authorization number (where applicable)

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

II – Background

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Formula number (this is linked to operating company within American Water's financial system)
- Employee hours worked
- Account number for non-labor charges

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 5, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 2% of American Water's Shared Services' professional labor is assigned to VAWC during a month, then 2% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 2% of the Shared Services' accumulated professional and support labor is charged to VAWC during the month, then 2% of that month's overhead expenses will be assigned to VAWC.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to VAWC, then 2% of that office's office expenses would be assigned to VAWC. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended September 30, 2009, the Service Company billed VAWC $3,814,848 in O&M-related charges and $645,553 in capital-related charges. Included in the O&M amount are certain non-recurring expenses which are excluded from this market study. As calculated in the table below, net testable Service Company charges of $4,467,146 were subjected to a market cost comparison.

	12 Months Ended Sep. 30, 2009
Mgmt Fee Expense (O&M)	$ 3,814,848
Add(Subtract): Non-Recurring Items	
Sarbanes-Oxley	$ 6,745
Net O&M Expenses	$ 3,821,593
Mgmt Fees - Capital	$ 645,553
Total Testable AWWSC Charges	**$ 4,467,146**

For purposes of comparing these charges to certain outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended Sep 30, 2009	
	Amount	Hours
Management and Professional Services	$ 3,485,883	37,564
Customer Account Services	$ 981,263	25,779
Total Service Company Charges	**$ 4,467,146**	**63,343**

This study's first question—whether Service Company 12 months ended September 30, 2009 charges were reasonable—was determined by comparing VAWC's A&G-related Service Company charges per customer to the same charges for utility companies that must file the FERC Form 60 – Annual Report of Service Companies.

The second question—whether Service Company charges during the 12 months ended September 3, 2009 were at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to VAWC during the 12 months ended September 30, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

III – Service Company Cost Comparison Approach

The third question—whether Service Company's 12 months ended September 30, 2009 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing VAWC's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The fourth question—the necessity of Service Company services—was investigated by defining the services provided to VAWC and determining if these services would be required if VAWC were a stand-alone utility.

VAWC's Service Company Cost per Customer

During the 12 months ended September 30, 2009, VAWC was charged $58 per customer by the Service Company for A&G/O&M-related services. The calculation of this amount, shown in the table below, starts with total net testable Service Company charges and adjusts for capital and non-A&G functions (engineering, operations and water quality) charges. These adjustments are necessary to develop a per customer cost that is comparable to cost of utility service companies.

	12 Months ended Sep 30, 2009 Svc. Co. Charges
Testable Service Company charges	$ 4,467,146
Less: Capital charges	$ (645,553)
Less: Non-A&G function O&M charges	
Engineering	$ (5,905)
Operations	$ (511,757)
Water Quality	$ (128,477)
Net A&G/O&M-related charges	$ 3,175,454
VAWC customers	54,437
VAWC Cost Per Customer	**$ 58**

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

For 2008, a Form 60 was filed by 24 utility service companies, all of which serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to those of American Water Works Service Company, it was necessary to isolate expenses that that they have in common. These include A&G/O&M-related charges associated with the following FERC accounts:

901 – Supervision	921 – Office supplies and expenses
903 – Customer records and collection expenses	923 – Outside services employed
905 – Miscellaneous customer accounts expenses	926 – Employee pensions and benefits
907 – Supervision	928 – Regulatory commission expenses
910 – Misc customer service and info expenses	930.2 – Miscellaneous general expenses
911 – Supervision	931 – Rents
920 - Administrative and general salaries	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

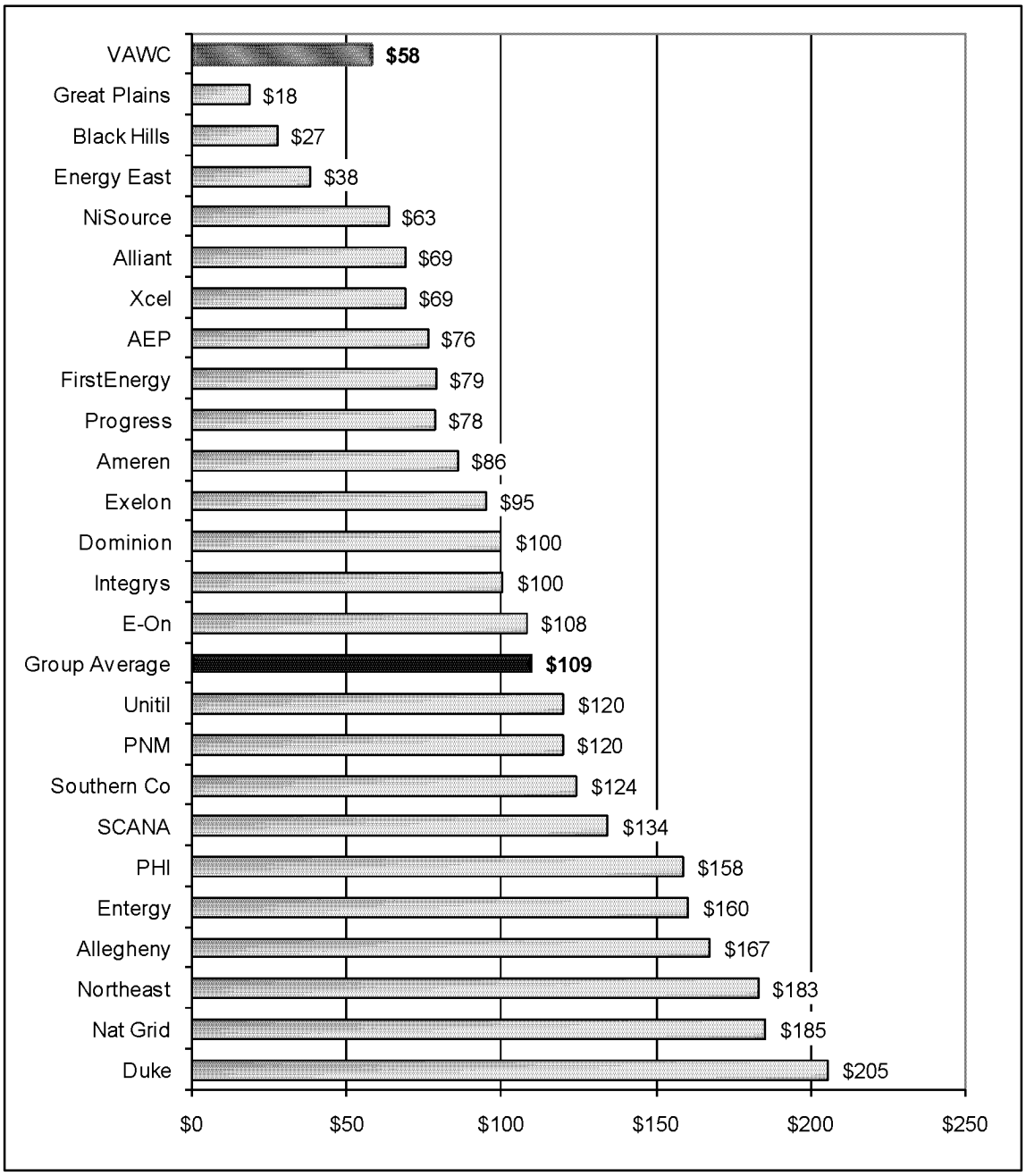
Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

IV – Question 1 – Reasonableness of Service Company Charges

A&G expenses per regulated utility customer for the 24 utility companies that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$396,340,118	5,213,000	$ 76
Allegheny	$263,588,707	1,577,873	$ 167
Alliant	$205,754,832	3,000,000	$ 69
Ameren	$291,684,710	3,400,000	$ 86
Black Hills	$20,763,828	759,400	$ 27
Dominion	$357,718,046	3,588,500	$ 100
Duke	$923,936,645	4,500,000	$ 205
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$432,575,683	2,700,000	$ 160
E-On	$136,276,177	1,263,000	$ 108
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$354,028,109	4,499,000	$ 79
Great Plains	$15,000,708	820,000	$ 18
Integrys	$216,364,166	2,157,000	$ 100
Nat Grid	$1,240,706,398	6,700,000	$ 185
NiSource	$237,380,009	3,750,000	$ 63
Northeast	$302,138,730	1,654,000	$ 183
PHI	$302,463,412	1,910,000	$ 158
Progress	$242,677,256	3,100,000	$ 78
PNM	$102,688,385	859,000	$ 120
SCANA	$191,207,825	1,424,300	$ 134
Southern Co	$546,498,605	4,402,000	$ 124
Unitil	$20,341,422	169,600	$ 120
Xcel	$367,626,617	5,345,000	$ 69
Group Total	**$7,840,162,191**	**71,666,473**	**$ 109**

Exhibit 1 shows VAWC's 12 months ended September 30, 2009 Service Company cost per customer of $58 to be considerably lower than the average of $109 per customer for the comparison group service companies. Only 3 of 24 comparison group service companies had a lower cost per customer than VAWC. Based on this result, it is possible to conclude that the Service Company's 12 months ended September 30, 2009 charges to VAWC were reasonable.


VAWC $58
Great Plains $18
Black Hills $27
Energy East $38
NiSource $63
Alliant $69
Xcel $69
AEP $76
FirstEnergy $79
Progress $78
Ameren $86
Exelon $95
Dominion $100
Integrys $100
E-On $108
Group Average $109
Unitil $120
PNM $120
Southern Co $124
SCANA $134
PHI $158
Entergy $160
Allegheny $167
Northeast $183
Nat Grid $185
Duke $205
$0
$50
$100
$150
$200
$250

V – Question 2 – Provision of Services at the Lower of Cost or Market

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to VAWC during the 12 months ended September 30, 2009. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged VAWC during the 12 months ended September 30, 2009, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Exhibit 2 (page 14) details the assignment of 12 months ended September 30, 2009 management and professional Service Company charges by outsider provider category. Exhibit 3 (page 15) shows the same assignment for Service Company management and professional hours charged to VAWC during the 12 months ended September 30, 2009.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 12 months ended September 30, 2009 test period non-labor Service Company charges:

V – Question 2 – Provision of Services at the Lower of Cost or Market

- Contract Services – 12 months ended September 30, 2009 Service Company charges to VAWC include expenses associated with the use of outside professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Information Technology Infrastructure Expenses – Included in the 12 months ended September 30, 2009 Service Company charges to VAWC are leases, maintenance fees and depreciation related to American Water's enterprise mainframe, server and network infrastructure and corporate business applications. An outside provider that would take over operation of this infrastructure would recover these expenses over and above the labor necessary to operate the data center.

Exhibit 4 (page 16) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Exhibits 2 and 3 and the excludable items shown in Exhibit 4, the Service Company's equivalent costs per hour for the 12 months ended September 30, 2009 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 92,848	$ 1,008,025	$ 1,672,626	$ 712,384	$ 3,485,883
Less:					
Contract services	$ 9,381	$ 43,756	$ 174,947	$ 4,570	$ 232,653
Travel expenses	$ 1,204	$ 28,146	$ 21,502	$ 25,144	$ 75,996
IT infrastructure expenses	$ 2,957	$ 116,455	$ 98,265	$ 21,465	$ 239,141
Net Service Charges (A)	$ 79,306	$ 819,669	$ 1,377,912	$ 661,205	$ 2,938,092
Total Hours (B)	443	7,391	18,771	10,960	37,564
Average Hourly Rate (A / B)	**$ 179**	**$ 111**	**$ 73**	**$ 60**	

Virginia-American Water Company
Analysis of 12 Months Ended September 30, 2009 Service Company Charges By Location And Function

Location	Function	12 Months Ended September 30, 2009 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 93,478	$ 93,478
Call Center	Human Resources		$ 17,611			$ 17,611
Corporate	Accounting			$ 222,392		$ 222,392
	Administration		$ 144,300			$ 144,300
	Audit			$ 24,483		$ 24,483
	Communications		$ 43,664			$ 43,664
	Finance			$ 128,390		$ 128,390
	Human Resources		$ 122,707			$ 122,707
	Information Technology			$ 3,004		$ 3,004
	Legal	$ 45,736				$ 45,736
	Operations		$ 80,301		$ 199,542	$ 279,843
	Rates & Revenue			$ 35,409		$ 35,409
	Risk Management		$ 28,770			$ 28,770
	Water Quality				$ 57,122	$ 57,122
Regional Offices	Accounting			$ 14,564		$ 14,564
	Administration		$ 250,021			$ 250,021
	Communications		$ 73,843			$ 73,843
	Engineering				$ 93,710	$ 93,710
	Finance			$ 287,037		$ 287,037
	Human Resources		$ 37,593			$ 37,593
	Legal	$ 47,111				$ 47,111
	Operations		$ 147,047		$ 266,427	$ 413,473
	Risk Management		$ 9,921			$ 9,921
	Water Quality				$ 2,106	$ 2,106
Information Technology	Information Technology			$ 698,940		$ 698,940
Shared Services	Accounting			$ 196,408		$ 196,408
	Administration		$ 52,246			$ 52,246
	Finance			$ 33,764		$ 33,764
	Rates & Revenue			$ 28,235		$ 28,235
Total Dollars Charged		**$ 92,848**	**$ 1,008,025**	**$ 1,672,626**	**$ 712,384**	**$ 3,485,883**

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Virginia-American Water Company
Analysis of 12 Months Ended September 30, 2009Service Company Hours By Location And Function

Location	Function	12 Months Ended September 30, 2009 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				1,227	1,227
Call Center	Human Resources		237			237
Corporate	Accounting			2,194		2,194
	Administration		134			134
	Audit			261		261
	Communications		210			210
	Finance			671		671
	Human Resources		1,062			1,062
	Information Technology			11		11
	Legal	210				210
	Operations		371		2,520	2,891
	Rates & Revenue			229		229
	Risk Management		337			337
	Water Quality				661	661
Regional Offices	Accounting			174		174
	Administration		1,425			1,425
	Communications		1,036			1,036
	Engineering				1,477	1,477
	Finance			3,469		3,469
	Human Resources		574			574
	Legal	233				233
	Operations		1,617		5,044	6,661
	Risk Management		156			156
	Water Quality				31	31
Information Technology	Information Technology			5,979		5,979
Shared Services	Accounting			4,478		4,478
	Administration		232			232
	Finance			882		882
	Rates & Revenue			422		422
Total Hours Charged		**443**	**7,391**	**18,771**	**10,960**	**37,564**

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Virginia-American Water Company
12 Months Ended September 30, 2009 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total	Outside Service Provider Category
Accounting	$ 77,411	$ 2,539	$ 2,724	$ 82,674	Certified Public Accountant
Administration	$ 13,144	$ 3,287	$ 107,895	$ 124,326	Management Consultant
Audit	$ 1,626	$ 637	$ 233	$ 2,496	Certified Public Accountant
Communications	$ 8,153	$ 4,557	$ 794	$ 13,503	Management Consultant
Engineering	$ -	$ 184	$ 81	$ 265	Professional Engineer
Finance	$ 42,266	$ 6,984	$ 6,111	$ 55,361	Certified Public Accountant
Human Resources	$ 20,156	$ 5,526	$ 2,448	$ 28,130	Management Consultant
Information Technology	$ 48,743	$ 9,580	$ 87,940	$ 146,263	Certified Public Accountant
Legal	$ 9,381	$ 1,204	$ 2,957	$ 13,542	Attorney
Operations	$ 6,760	$ 36,046	$ 10,046	$ 52,853	Management Consultant, Professional Engineer
Rates & Revenue	$ 4,900	$ 1,763	$ 1,256	$ 7,919	Certified Public Accountant
Risk Management	$ 603	$ 1,691	$ 1,895	$ 4,188	Management Consultant
Water Quality	$ (490)	$ 2,000	$ 14,761	$ 16,270	Professional Engineer
Total	**$ 232,653**	**$ 75,996**	**$ 239,141**	**$ 547,791**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	IT HW/SW	Total
Attorney	$ 9,381	$ 1,204	$ 2,957	$ 13,542
Management Consultant	$ 43,756	$ 28,146	$ 116,455	$ 188,356
Certified Public Accountant	$ 174,947	$ 21,502	$ 98,265	$ 294,714
Professional Engineer	$ 4,570	$ 25,144	$ 21,465	$ 51,179
Total	**$ 232,653**	**$ 75,996**	**$ 239,141**	**$ 547,791**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among Virginia certified public accounting firms, only more experienced staff are predominantly CPAs (see table below). Some Service Company employees also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

Position	Virginia Average
Partners/Owners	98%
Directors (11+ years experience)	86%
Managers (6-10 years experience)	88%
Sr Associates (4-5 years experience)	81%
Associates (1-3 years experience)	23%
New Professionals	0%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The Virginia State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys. Therefore, an estimate of Virginia attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 5, the average rate for each firm was adjusted for the cost of living differential between its location and Richmond, Virginia. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to March 31, 2009—the midpoint of the test year ended September 30, 2009.

Management Consultants

The cost per hour for management consultants was developed from a 2009 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2008 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. The 2008 average rate was escalated to March 31, 2009—the midpoint of the 12 months ended September 30, 2009.

Certified Public Accountants

The average hourly rate for Virginia CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The Virginia version of this survey was used to develop hourly rates for member firms in Virginia.

As shown in Exhibit 7, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to March 31, 2009—the test year's midpoint.

Professional Engineers

The Company provided hourly rate information for outside engineering firms that could have been used by VAWC in 2009. As presented in Exhibit 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Virginia-American Water Company
Estimated Billing Rates For Virginia Attorneys Based On Michigan and Massachusetts Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	85%	$ 427
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	147%	$ 241
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	147%	$ 322
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	147%	$ 240
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	115%	$ 277
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	115%	$ 236
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	147%	$ 223
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	147%	$ 203
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	147%	$ 243
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	147%	$ 328
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	147%	$ 166
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	147%	$ 205
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	137%	$ 211
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	147%	$ 196
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	147%	$ 209
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	147%	$ 169
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	116%	$ 171
							Overall Average 2007 Billing Rate		$ 253

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Billing Rate At March 31, 2009	**$ 256**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Richmond, Virginia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Richmond. A number less than 100 % indicates Richmond's cost of living is higher.

Virginia-American Water Company
Billing Rates of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Escalation to the Test Year's Mid-Point (March 31, 2009) (Note B)

CPI at December 31, 2008	210.2
CPI at March 31, 2009	212.7
Inflation/Escalation	1.2%
Average Hourly Billing Rate For Management Consultants At March 31, 2009	**$ 227**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

Virginia-American Water Company
Estimated Billing Rates Of Virginia Certified Public Accountants

Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 87	$ 109	$ 123	$ 168

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 87	$ 109	$ 123	$ 168	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 26	$ 33	$ 25	$ 34	**$ 117**

Escalation to Midpoint of March 31, 2009 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Hourly Billing Rate For CPAs At March 31, 2009	**$ 118**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)

Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Virginia-American Water Company
Estimated Billing Rates Of Virginia Engineers

Billing rates in effect in 2009

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
	Technician	Engineer Design Engineer	Project Manager	Officer
Name of Firm	Senior Technician	Project Engineer	Sr. Mgr. Engineer	Principal Engineer
Firm #1	$73	$85	$135	$175
Firm #2	$70	na	$129	$160
Firm #3	$53	$63	$118	$155

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Technician	Engineer Design Engineer	Project Manager	Officer	
	Senior Technician	Project Engineer	Sr. Mgr. Engineer	Principal Engineer	
Average Hourly Billing Rate (From Above)	$65	$74	$127	$163	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$20	$26	$32	$16	**$93**

Source: Information provided by American Water Works Service Company

Service Company versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended September 30, 2009		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 179	$ 256	$ (77)
Management Consultant	$ 111	$ 227	$ (116)
Certified Public Accountant	$ 73	$ 118	$ (45)
Professional Engineer	$ 60	$ 93	$ (33)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to VAWC during the 12-months ended September 30, 2009, outside service providers would have cost $2,094,318 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are 60% higher than those of the Service Company ($2,094,318 / $3,485,883).

	12 Months Ended September 30, 2009		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (77)	443	$ (34,228)
Management Consultant	$ (116)	7,391	$ (859,040)
Certified Public Accountant	$ (45)	18,771	$ (837,603)
Professional Engineer	$ (33)	10,960	$ (363,447)
Service Company Less Than Outside Providers			$ (2,094,318)

It should be noted that the cost differential associated with using outside providers is even greater because Service Company personnel do not charge for more than 8 hours per day even when they work more. Outside providers generally charge clients for all hours worked. If, for instance, Service Company personnel worked 5% overtime (2 hours) per week on VAWC's behalf, that would have amounted to over 1,800 additional hours of work during the 12 months ended September 30, 2009. Based on the hourly rate differentials above, this overtime would have added another $104,000 to the cost of using outside provider.

If VAWC were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform over 37,000 hours of work (more than 25 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing VAWC management team. Thus, it would be necessary for VAWC to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add almost $150,000 per year to VAWC's personnel expenses.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Cost of Adding 1 Professional Position To VAWC's Staff

	Total
New Positions' Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Cost of One Position	$ 149,400

Thus, the total effect on the ratepayers of VAWC of contracting all services now provided by Service Company would be an increase in their costs of $2,243,718 ($2,094,318 + $149,400). Based on the results of this comparison, it is possible to conclude that the Service Company charged VAWC at the lower of cost or market for services provided during the 12 months ended September 30, 2009.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Background

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of the Service Company's customer accounts services-related charges to VAWC with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, VAWC's charges from the Service Company for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 9 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

Virginia	• Appalachian Power	• Virginia Electric Power
West Virginia	• Appalachian Power • Monongahela Power	• Wheeling Power
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
North Carolina	• Duke Energy Carolinas	• Progress Energy Carolinas
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
Tennessee	• Kingsport Power	

Virginia-American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Virginia-American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

VAWC Cost per Customer

As calculated below, VAWC's 12 months ended September 30, 2009 customer account services expense per customer was $27.58. The cost pool used to calculate this average includes charges for Service Company services (e.g., call center, billing, payment processing) and postage and forms expenses, which are incurred directly by VAWC. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.32 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level.

Virginia-American Cost Per Customer		Year Ended 9/30/2009 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 833,451	$ 316,716	$ 1,150,168	
Regional Offices		$ 147,812		$ 147,812	
Operating Company	Customer payment processing			$ 38,868	Note B
Operating Company	Postage & forms			$ 164,723	
			Cost Pool Total	$ 1,501,570	
			Total Customers	54,437	
	12 Months Ended September 30, 2009 Cost Per VAWC Customer			**$ 27.58**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Call handling expenses		$ 352,162	
Electric utility industry's avg calls/customer	2.50		
American Water's avg calls/customer	1.32		
Percent different	90%	90%	
Total Adjustment		$ 316,716	

Note B: Estimated customer payment processing expenses

Number of customers	54,437	
Number of payments/customer/year	4.2	
Total payments processed/year	228,635	
Bank charge per item	$ 0.1700	(subject to check)
Total estimated annual expense	$ 38,868	

Electric Utility Group Cost per Customer

Exhibit 10 shows the actual 2008 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Summary of Results

As shown in the table below, VAWC's cost per customer is below the average cost of the neighboring electric utility comparison group. It can therefore be concluded that VAWC's 12 months ended September 30, 2009 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to VAWC were comparable to those of other utilities.

Average Customer Accounts Expense Per Customer	
Louisville Gas & Electric	$ 15.67
Virginia Electric Power	$ 16.15
Monongahela Power	$ 16.17
Duke Power	$ 22.99
Prog Energy - Carolinas	$ 21.65
Wheeling Power	$ 26.12
Virginia American Water	**$ 27.58**
Kentucky Utilities	$ 28.42
Comparison Group Average	**$ 29.13**
Duke Energy Kentucky	$ 29.65
Appalachian Power	$ 32.57
Kingsport Power	$ 32.60
Baltimore Gas & Electric	$ 35.46
Kentucky Power	$ 36.02
Delmarva Power & Light	$ 69.08
Potomac Electric	$ 76.47

Virginia-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Virginia		West Virginia		
		Appalachian Power	Virginia Electric Power	Appalachian Power	Monongahela Power	Wheeling Power
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,231,353	$ 32,985,338		$ 5,020,473	$ 1,013,571
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,894	$ -		$ -	$ 286
Subtotal		$ 29,233,247	$ 32,985,338		$ 5,020,473	$ 1,013,857
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,415,185	$ 3,978,170		$ 849,338	$ 46,865
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 548,440	$ 1,573,799		$ 294,683	$ 18,802
Total Cost Pool		**$ 31,196,872**	**$ 38,537,306**		**$ 6,164,494**	**$ 1,079,524**
Total Customers (page 304, line 43)		957,875	2,386,208		381,193	41,334
Customer Account Services Expense per Customer		**$ 32.57**	**$ 16.15**	see Virginia	**$ 16.17**	**$ 26.12**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 23,000,789	$124,252,946		$ 16,659,462	$ 402,736
Total O&M Payroll (page 355, line 65)		$116,519,186	$642,556,137		$ 75,556,781	$ 2,112,138
Benefits as Percent of Payroll		19.7%	19.3%		22.0%	19.1%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)		$ 8,480,076	$ 27,320,711		$ 6,101,855	$ 339,964
Gas (page 354, line 37)		$ -	$ -			
Total Payroll Charged to Customer Accounts		$ 8,480,076	$ 27,320,711		$ 6,101,855	$ 339,964
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,231,353	$ 32,985,338		$ 5,020,473	$ 1,013,571
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,894	$ -		$ -	$ 286
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,233,247	$ 32,985,338		$ 5,020,473	$ 1,013,857
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,345,473	$ 10,819,819		$ 2,932,203	$ 388,499
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 34,578,720	$ 43,805,157		$ 7,952,676	$ 1,402,356
Percent Applicable to Customer Accounts Services (903 and 905)		84.5%	75.3%		63.1%	72.3%
Customer Account Services Portion of Total Payroll		$ 7,169,154	$ 20,572,530		$ 3,852,062	$ 245,783
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,415,185	$ 3,978,170		$ 849,338	$ 46,865
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll		$ 7,169,154	$ 20,572,530		$ 3,852,062	$ 245,783
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%		7.65%	7.65%
Estimated Employer's Portion of FICA		$ 548,440	$ 1,573,799		$ 294,683	$ 18,802

Virginia-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Maryland			North Carolina	
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Duke Energy Carolinas	Prog Energy Carolinas
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 28,731,040	$ 32,574,788	$ 51,049,711	$ 44,487,077	$ 25,567,705
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 4,115,795	$ -	$ -	$ 2,782,661	$ 3,147,580
Subtotal		$ 32,846,835	$ 32,574,788	$ 51,049,711	$ 47,269,738	$ 28,715,285
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,208,844	$ 1,184,741	$ 6,217,334	$ 2,666,465	$ 3,505,221
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,528,394	$ 551,639	$ 1,009,884	$ 1,253,668	$ 1,049,423
Total Cost Pool		**$ 43,584,072**	**$ 34,311,168**	**$ 58,276,929**	**$ 51,189,871**	**$ 33,269,929**
Total Customers (page 304, line 43)		1,229,181	496,682	762,094	2,364,417	1,447,424
Customer Account Services Expense per Customer		**$ 35.46**	**$ 69.08**	**$ 76.47**	**$ 21.65**	**$ 22.99**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 45,202,255	$ 6,458,817	$ 25,000,866	$113,864,381	$104,610,824
Total O&M Payroll (page 355, line 65)		$181,995,810	$ 39,311,821	$ 53,083,661	$699,798,490	$409,402,544
Benefits as Percent of Payroll		24.8%	16.4%	47.1%	16.3%	25.6%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)		$ 25,480,677	$ 7,184,790	$ 13,534,519	$ 18,553,510	$ 16,538,900
Gas (page 354, line 37)		$ 13,071,562	$ 1,796,197	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 38,552,239	$ 8,980,987	$ 13,534,519	$ 18,553,510	$ 16,538,900
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 28,731,040	$ 32,574,788	$ 51,049,711	$ 44,487,077	$ 25,567,705
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 4,115,795	$ -	$ -	$ 2,782,661	$ 3,147,580
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 32,846,835	$ 32,574,788	$ 51,049,711	$ 47,269,738	$ 28,715,285
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,467,374	$ 7,995,878	$ 1,289,369	$ 6,246,835	$ 5,904,985
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 38,314,209	$ 40,570,666	$ 52,339,080	$ 53,516,573	$ 34,620,270
Percent Applicable to Customer Accounts Services (903 and 905)		85.7%	80.3%	97.5%	88.3%	82.9%
Customer Account Services Portion of Total Payroll		$ 33,050,899	$ 7,210,967	$ 13,201,097	$ 16,387,812	$ 13,717,953
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,208,844	$ 1,184,741	$ 6,217,334	$ 2,666,465	$ 3,505,221
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll		$ 33,050,899	$ 7,210,967	$ 13,201,097	$ 16,387,812	$ 13,717,953
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,528,394	$ 551,639	$ 1,009,884	$ 1,253,668	$ 1,049,423

Virginia-American Water Company
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Kentucky				Tennessee	
		Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Kingsport Power	
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 1,473,158	
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 425	
Subtotal		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 1,473,583	
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	Note A	$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 32,646	Group Average
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 24,728	
Total Cost Pool		**$ 3,993,358**	**$ 6,326,180**	**$ 15,248,292**	**$ 6,280,591**	**$ 1,530,957**	**$330,989,546**
Total Customers (page 304, line 43)		134,703	175,646	536,441	400,699	46,961	11,360,858
Customer Account Services Expense per Customer		**$ 29.65**	**$ 36.02**	**$ 28.42**	**$ 15.67**	**$ 32.60**	**$ 29.13**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 6,333,174	$ 4,765,373	$ 24,119,043	$ 22,418,737	$ 199,803	
Total O&M Payroll (page 355, line 65)		$ 35,107,273	$ 24,348,550	$ 67,918,514	$ 73,056,617	$ 1,978,375	
Benefits as Percent of Payroll		18.0%	19.6%	35.5%	30.7%	10.1%	
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 2,613,424	$ 1,602,234	$ 7,181,104	$ 2,668,667	$ 368,129	
Gas (page 354, line 37)		$ 1,559,494	$ -	$ -	$ 2,175,749	$ -	
Total Payroll Charged to Customer Accounts		$ 4,172,918	$ 1,602,234	$ 7,181,104	$ 4,844,416	$ 368,129	
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 1,473,158	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 425	
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 1,473,583	
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 986,864	$ 993,970	$ 3,761,113	$ 2,034,678	$ 204,604	
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 4,162,383	$ 6,946,408	$ 16,611,683	$ 6,998,053	$ 1,678,187	
Percent Applicable to Customer Accounts Services (903 and 905)		76.3%	85.7%	77.4%	70.9%	87.8%	
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 323,247	
Pension & Benefits Pertaining to Customer Accounts Services		$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 32,646	
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 323,247	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA		$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 24,728	

Analysis of Services

The final aspect of this study was an assessment of whether the services that are provided to VAWC by the Service Company would be necessary if VAWC were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for VAWC. Based on discussions with Service Company personnel, the matrix in Exhibit 11 was created showing which entity—VAWC or a Service Company location—is responsible for each of the functions VAWC requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Exhibit 12, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if VAWC were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to VAWC. For all of the services listed in Exhibit 12, there was only one entity that was primarily responsible for the service.

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	VAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S				P		
Five-Year System Planning	S		S		P		
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S				P		
Special Projects	P				S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P				S		
Special Projects	P				S		
Minor Projects	P						
Hydraulics Review	P		S				
Developers Extensions	P						
Tank Painting	P				S		
Water Quality and Purification							
Water Quality Standards Development					P		S
Research Studies	S				P		S
Water Quality Program Implementation	P				S		S
Water Treatment Operations & Maintenance	P				S		
Compliance Tracking and Chemical Testing	S						P
Sample Collection and Other Testing	P						S
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	S		P		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S	S				
Customer Credit		P	S				
Meter Reading	P		S			S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development					P		
Meter Testing, Maintenance & Replacement	P						

Virginia-American Water Company
Designation Of Responsibility For Water Utility Functions

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Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	VAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings--Equity				S	P		
Financings--Long Term Debt & Preferred (A)			S	S	P		
Short Term Lines of Credit Arrangements (A)			S	S	P		
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	P				S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	P		S				
O&M	P		S				
Depreciation and Interest Expense	S		P	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P				S		
Capital Budget Preparation—Non-Project Work	P				S		
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P		S		S		
Prepare Capital Project Budget Status Report	P				S		
Year-End Projections (A)	P		S				
Accounting and Taxes							
Accounts Payable Accounting	S		S	P			
Payroll Accounting	S		S	P			
Work Order Accounting	S		S	P			
Fixed Asset Accounting	S		S	P			
Journal Entry Preparation—Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S		S	P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	VAWC	Customer Call Center	Divisional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S				P		
Contract Administration	S				P		
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration			P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Labor Negotiations--Wages	S		P				
Labor Negotiations--Benefits					P		
Labor Negotiations-- Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk				S		P	

Governance Practices Associated With Service Company Charges

There are several ways by which VAWC exercises control over Service Company services and charges. The most important of these are described below.

- **President of Regulated Operations Oversight** – The President of Regulated Operations is on the Executive Management Team (EMT) of American Water. This position is responsible for the overall performance of each operating company in American Water. As part of the EMT, the President of Regulated Operations has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The President of Regulated Operations also addresses local concerns with each operating company president.
- **Divisional Vice President & Treasurer** – The Divisional Vice President and Treasurer of the Eastern Division is responsible for the financial reporting, performance and internal controls of each of the operating companies in the division. The Vice President and Treasurer monitors the performance and reporting from the Service Company and follows up on instances where the quality and timeliness of services are not as expected. The operating company interacts with the Divisional VP & Treasurer to discuss any concerns with billings, etc.
- **Operating Company Board Oversight** – VAWC board of directors includes members of American Water's EMT, members of the divisional management team and business and community leaders from outside the Company. VAWC's president is Chairman of the VAWC board. This helps ensure that VAWC's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – The President of Regulated Operations sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. VAWC's president also sits on the Service Company board.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the President of Regulated Operations. With input from the local presidents and Divisional Vice President & Treasurer, they have the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – VAWC Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. VAWC's financial manager discusses the monthly bill with Shared Services Center office personnel and any mistakes or overcharges are credited on a subsequent billing. The VAWC Finance Manager prepares an actual-to-budget comparison of management fees each month for use in identifying unusual variances. Service Company actual-to-budget comparison is included in the monthly Financial Review Package (FRP). Unusual variances are researched, explanations are provided and any necessary corrections are made.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Divisional" and "Corporate" Management Fees.
- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at two levels for all American Water companies, including all VAWC Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of VAWC and others participate as necessary (e.g. VAWC operations managers and Rates Manager) and provide the data used in the monthly review schedules.

WITNESS: P.BARYENBRUCH

VIRGINIA AMERICAN WATER COMPANY

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company, Inc. ("Service Company") during the 12 months ended September 30, 2009 to Virginia American Water Company ("VAWC"). This study was undertaken in conjunction with VAWC's rate case and is accurate to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer four questions concerning the services provided by Service Company to VAWC, each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2009. First, were the Service Company's charges to VAWC during the 12 months ended September 30, 2009 reasonable? Second, was VAWC charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended September 30, 2009? Third, were the 12 months ended September 30, 2009 costs of the Service Company's customer accounts services, including those of the National Call

Centers, comparable to those of other utilities? Fourth, are the services VAWC receives from Service Company necessary?

6. Q. What conclusions were you able to draw as to the reasonableness of the Service Company's charges to VAWC ?

A. The Service Company's costs for the 12 months ended September 30, 2009 per VAWC customer was very reasonable. For example, during the 12 months ended September 30, 2009, VAWC was charged $58 per customer for administrative and general ('A&G")-related services provided by the Service Company. This compares favorably to costs per customer for electric and combination electric/gas service companies that average $109 for service companies reporting to the Federal Energy Regulatory Commission ("FERC"). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower A&G cost per customer than VAWC's charges from the Service Company.

7. Q. What conclusions were you able to draw as to whether VAWC was charged the lower of cost or market for the services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) VAWC was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2009.

(2) On average, the hourly rates for outside service providers are 60% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could only be procured effectively by VAWC from outside professionals if it provided careful supervision to those service

providers. If these services were contracted entirely to outside providers, VAWC would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended September 30, 2009, VAWC and its ratepayers would have incurred more than $2.2 million in additional expenses. This amount includes the higher cost of outside providers and the cost of one VAWC position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to VAWC from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $2.2 million cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $100,000 in additional charges from outside providers.

(6) It would be difficult for VAWC to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization

brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from VAWC customers.

8. Q. What conclusions were you able to draw concerning whether the 12 months ended September 30, 2009 costs of the Service Company's customer account services, including those of the National Call Centers, were reasonable?

A. The per customer cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the average of the neighboring electric utility comparison group. As will be explained further in my report, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and VAWC. During the 12-months ended September 30, 2009, the customer accounts cost for VAWC customers was $27.58 compared to the 2008 average of $29.13 for neighboring electric utilities. The highest comparison group per customer cost was $76.47 and the lowest $15.67.

9. Q. What conclusions were you able to draw concerning whether the services VAWC receives from the Service Company are necessary?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if VAWC were a stand-alone water utility.

(2) Furthermore, there is no redundancy or overlap in the services provided by the Service Company to VAWC. For all of the services listed in PLB-1 Exhibit 11, there was only one entity primarily responsible for the

service and thus no duplication of efforts between the Service Company and VAWC.

10. Q. Does this complete your testimony?

A. Yes.

Market Cost Comparison of Service Company Charges to West Virginia-American Water Company

12-Months Ended December 31, 2006

West Virginia-American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to West Virginia-American Water Company (WV American):

1. Was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12-months ended December 31, 2006?

2. Were the 12-months ended December 31, 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable?

3. Are the services WV American receives from the Service Company reasonably necessary to WV American's provision of service to its customers?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- WV American was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2006.

- On average, the hourly rates for outside service providers are **58% higher** than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, WV American would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, WV American and its ratepayers would have incurred an **additional $4.3 million** in expenses. This amount includes the higher cost of outside providers and the cost of a WV American position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $4.3 million cited above.

- It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from WV American ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, **is within a reasonable range of the neighboring electric utility comparison group average cost per customer**. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of WV American. During the 12 months ended December 31, 2006, the customer accounts cost for WV American customers was $32.03 compared to the 2005 average of $28.09 for neighboring electric utilities. The highest comparison group per customer cost was $68.26 and the lowest $12.43. Seven comparison group utilities had higher per customer costs while 15 were lower than WV American.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American.

II - Background

Overview Of American Water Service Company

The Service Company maintains several types of offices from which it provides services to American Water operating companies. They include:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers: one in Alton, Illinois that went into operation in the second quarter of 2001 and a second in Pensacola, Florida that went into operation in April 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of WV American, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they have not been consolidated into the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations. There are four regional offices—Northeast, Southeast, Central and West.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the email system. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads – employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support – wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks

- Office Expenses – office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges.

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries.

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet (see example in Schedule 1) that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable).

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

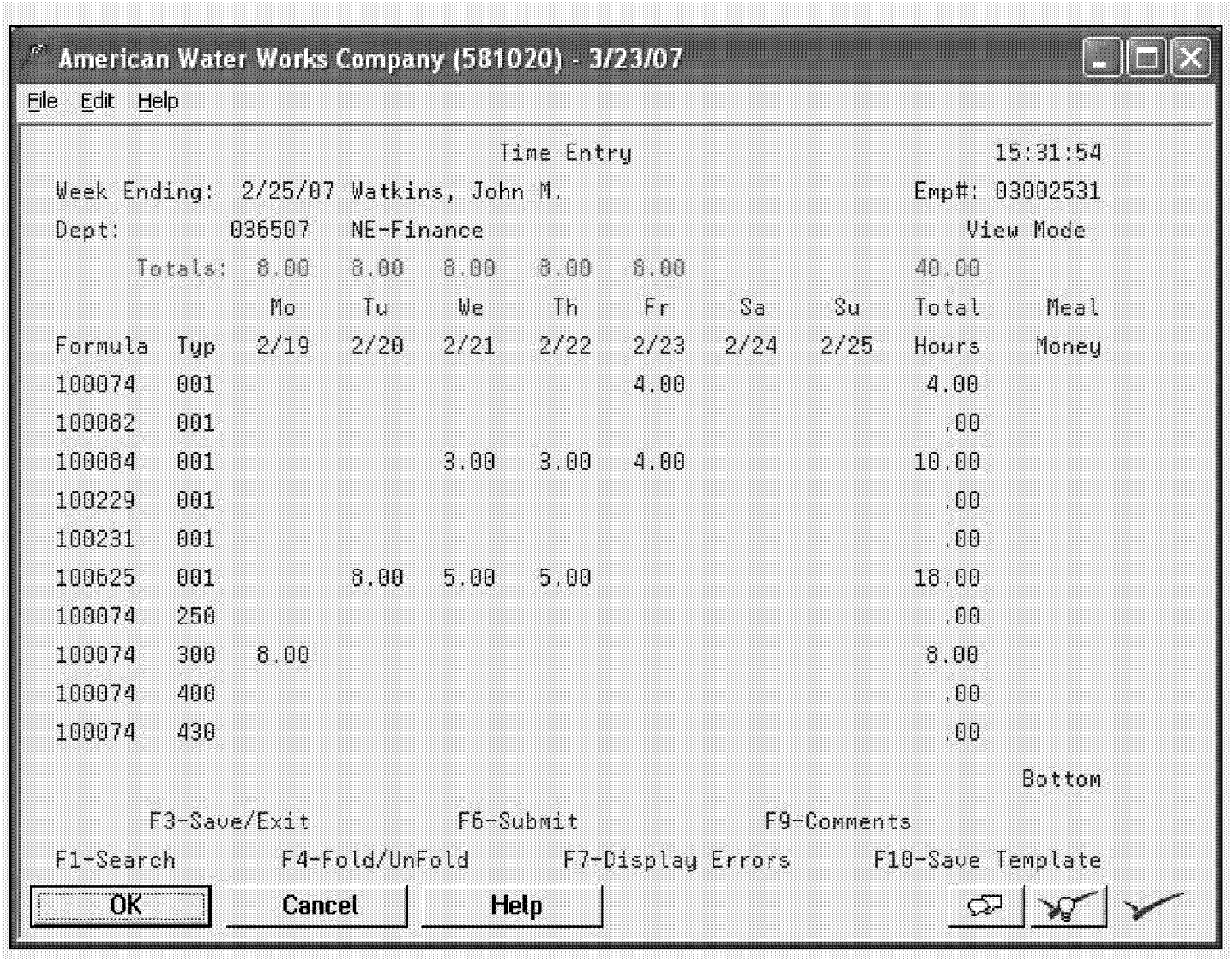
Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 2% of the Voorhees Data Center's professional labor is assigned to WV American during a month, then 2% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 2% of the Corporate Office's accumulated professional and support labor is charged to WV American during the month, then 2% of that month's overhead expenses will be assigned to WV American.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to WV American, then 2% of that office's office expenses would be assigned to WV American. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a state rate case proceeding are charged directly to the operating company whose case is being heard.

West Virginia American Water Company
Sample Electronic Time Sheet



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III – Service Company Cost Comparison Approach

During 2006, the Service Company billed WV American $9,809,249 in O&M-related and $633,146 in capital-related charges. Included in the O&M amount is $1,057,355 of several non-recurring expenses for which WV American will not seek recovery. These non-recurring items have been excluded from this study. As calculated in the table below, net O&M and capital Service Company charges of $9,385,040 were subjected to a market cost comparison.

Reconciliation to 2006 Testable Service Co Charges

O&M Per WV American G/L	$	9,809,249
Net O&M Adjustments	$	(1,057,355)
Net Testable O&M	$	8,751,894
Capital per WV American G/L	$	633,146
Net Testable SC Charges	$	9,385,040

For purposes of comparing Service Company charges to outside benchmarks, the net testable Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	2006		
	Amount		Hours
Management and Professional Services	$	7,243,051	80,523
Customer Account Services	$	2,141,989	73,095
Total	$	9,385,040	153,618

This study's first question—whether the Service Company charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to WV American during 2006. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—reasonableness of the National Call Center costs—was addressed by comparing WV American's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to WV American. A determination was then made as to whether these services would be required if WV American were a stand-alone utility.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar educational backgrounds as Service Company engineering personnel. In fact, many Belleville employees have engineering degrees. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company hourly rates were calculated for each of the four outside service provider categories, based on the dollars and hours charged to WV American during 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged WV American during 2006, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 2 (page 10) details the assignment of 2006 management and professional Service Company charges to outsider provider categories. Schedule 3 (page 11) shows the same assignment for Service Company management and professional hours charged to WV American during 2006.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2006 test year non-labor Service Company charges:

- Contract Services – 2006 Service Company charges to WV American include over $630,000 in charges associated with existing arrangements with outside professional firms who perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in 2006 Service Company charges to WV American are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the email system. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 4 (page 12) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 2 and 3 and the excludable items shown in Schedule 4, the Service Company's equivalent costs per hour for 2006 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 331,705	$ 2,222,792	$ 3,293,418	$ 1,395,135	$ 7,243,051
Less:					
Contract services	11,825	166,285	434,839	17,192	630,140
Travel expenses	2,032	16,294	15,556	11,803	45,685
Computer hardware/software	6	32,031	73,261	696	105,994
Net Service Charges (A)	$ 317,843	$ 2,008,182	$ 2,769,762	$ 1,365,445	$ 6,461,232
Total Hours (B)	2,579	17,990	40,272	19,683	80,523
Average Hourly Rate (A / B)	**$ 123**	**$ 112**	**$ 69**	**$ 69**	

West Virginia American Water Company
Analysis of 2006 Service Company Charges By Location And Function

Location	Function	2006 Service Company Charges									
		Attorney		Management Consultant		Certified Public Accountant		Professional Engineer		Total	
Belleville Lab	Water Quality							$	255,363	$	255,363
Call Center	Human Resources			$	52,777					$	52,777
Corporate	Accounting					$	197,432			$	197,432
	Administration	$	20,572	$	415,126	$	321,287	$	157,028	$	914,014
	Audit					$	55,454			$	55,454
	Communications			$	97,266					$	97,266
	Finance					$	243,497			$	243,497
	Human Resources			$	225,472					$	225,472
	Legal	$	111,178							$	111,178
	Operations			$	150,788			$	105,730	$	256,518
	Rates & Revenue					$	157,325			$	157,325
	Risk Management			$	66,449					$	66,449
	Water Quality							$	62,232	$	62,232
Regional Offices	Accounting					$	40,651			$	40,651
	Administration			$	498,977					$	498,977
	Communications			$	177,297					$	177,297
	Customer Service									$	-
	Engineering							$	256,828	$	256,828
	Finance					$	316,653			$	316,653
	Human Resources			$	173,346					$	173,346
	Legal	$	199,955							$	199,955
	Operations			$	199,645			$	327,156	$	526,802
	Risk Management			$	118,543					$	118,543
	Water Quality							$	230,799	$	230,799
Information Technology	Audit					$	16,579			$	16,579
	Information Technology					$	1,250,554			$	1,250,554
Shared Services	Accounting					$	605,685			$	605,685
	Administration			$	47,106					$	47,106
	Finance					$	57,580			$	57,580
	Rates & Revenue					$	30,722			$	30,722
Total Dollars Charged		**$**	**331,705**	**$**	**2,222,792**	**$**	**3,293,418**	**$**	**1,395,135**	**$**	**7,243,051**

West Virginia American Water Company
Analysis of 2006 Service Company Hours By Location And Function

Location	Function	2006 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				3,865	3,865
Call Center	Human Resources		693			693
Corporate	Accounting			3,273		3,273
	Administration		522			522
	Audit			843		843
	Communications		338			338
	Finance			2,186		2,186
	Human Resources		2,336			2,336
	Legal	438				438
	Operations		747		1,253	2,001
	Rates & Revenue			482		482
	Risk Management		517			517
	Water Quality				1,026	1,026
Regional Offices	Accounting			717		717
	Administration		1,791			1,791
	Communications		3,292			3,292
	Customer Service					-
	Engineering				4,176	4,176
	Finance			4,365		4,365
	Human Resources		2,348			2,348
	Legal	2,140				2,140
	Operations		2,314		5,032	7,346
	Risk Management		2,690			2,690
	Water Quality				4,331	4,331
Information Technology	Audit			322		322
	Information Technology			13,811		13,811
Shared Services	Accounting			11,713		11,713
	Administration		403			403
	Finance			2,027		2,027
	Rates & Revenue			534		534
Total Hours Charged		**2,579**	**17,990**	**40,272**	**19,683**	**80,523**

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West Virginia American Water Company
2006 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Accounting	$ 240,451	$ 2,106	$ 1,457	$ 244,014
Administration	$ 64,708	$ 1,716	$ 13,884	$ 80,308
Audit	$ (150)	$ 621		$ 471
Communications	$ 31,032	$ 1,055	$ 332	$ 32,419
Engineering		$ 683	$ 6	$ 689
Finance	$ 56,752	$ 6,389	$ 886	$ 64,028
Human Resources	$ 58,810	$ 5,848	$ 1,661	$ 66,319
Information Technology	$ 117,859	$ 2,763	$ 70,918	$ 191,540
Legal	$ 11,825	$ 2,032	$ 6	$ 13,862
Operations	$ 11,171	$ 13,987	$ 651	$ 25,810
Rates & Revenue	$ 19,926	$ 3,676		$ 23,602
Risk Management	$ 5,909	$ 2,218	$ 15,948	$ 24,075
Water Quality	$ 11,847	$ 2,590	$ 243	$ 14,681
Total	**$ 630,140**	**$ 45,685**	**$ 105,994**	**$ 781,820**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 11,825	$ 2,032	$ 6	$ 13,862
Management Consultant	$ 166,285	$ 16,294	$ 32,031	$ 214,611
Certified Public Accountant	$ 434,839	$ 15,556	$ 73,261	$ 523,656
Professional Engineer	$ 17,192	$ 11,803	$ 696	$ 29,690
Total	**$ 630,140**	**$ 45,685**	**$ 105,994**	**$ 781,820**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to o

btain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The West Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for West Virginia attorneys. Therefore, a West Virginia estimate was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 5, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Charleston, West Virginia. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Certified Public Accountants

The average hourly rate for West Virginia certified public accountants was developed from a 2006 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in the south Atlantic region. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 7. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been used by WV American in 2006. As presented in Schedule 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 5

West Virginia American Water Company
Estimated Billing Rates Of West Virginia Attorneys

Billing rates as of December 31, 2005 (Note A)															Cost of Living		
Firm	Michigan Location	Number Of Mich Lawyers	Billing Rate Range Associate			Partner			Average			Adjust (C)		Adjusted Rate			
Dykema	Detroit	228	$	250		$	408		$	329		102%		$	323		
Dickinson Wright PLLC	Detroit	218	$	208		$	385		$	296		102%		$	291		
Butzel Long	Detroit	212	$	283		$	385		$	334		102%		$	328		
Bodman LLP	Detroit	130	$	168		$	323		$	245		102%		$	241		
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$	160		$	358		$	259		118%		$	220		
Sommers Schwartz	Southfield	76	$	138		$	193		$	165		118%		$	140		
Trott & Trott, PC	Bingham Farms	57	$	188		$	250		$	219		184%		$	119		
Brooks Kushman PC	Southfield	52	$	218		$	375		$	296		118%		$	252		
Foley & Lardner LLP	Detroit	42	$	298		$	453		$	375		102%		$	369		
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$	155		$	263		$	209		141%		$	148		
Pepper Hamilton LLP	Detroit	31	$	255		$	448		$	351		102%		$	345		
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$	218		$	338		$	278		156%		$	178		
O'Reilly Rancilio PC	Sterling Heights	27	$	180		$	238		$	209		120%		$	174		
Thrun Law Firm	East Lansing	27	$	190		$	220		$	205		111%		$	184		
Strobl & Sharp, PC	Bloomfield Hills	26	$	145		$	275		$	210		156%		$	135		
Kupelian Ormond & Magy, PC	Southfield	24	$	173		$	263		$	218		118%		$	185		
Parmenter O'Toole	Muskegon	23	$	145		$	238		$	191		98%		$	196		
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$	208		$	373		$	290		156%		$	186		
Tanoury, Corbet, Shaw, Nauts & Essad PLLC	Detroit	22	$	120		$	180		$	150		102%		$	147		
Williams, Williams, Rattner & Plunkett, PC	Birmingham	22	$	200		$	313		$	256		140%		$	183		
													Overall Average at December 31, 2005			$	217
													Escalation to Mid-Point of Year - June 30, 2006 (Note B)				
													CPI at December 31, 2005				196.8
													CPI at June 30, 2006				202.9
													Inflation/Escalation				3.1%
													Average Billing Rate At June 30, 2006			**$**	**224**

Note A: Source is Michigan Lawyers Weekly, April 2006
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Charleston, WV. A number over 100% indicates the Michigan city's cost of living is higher than Columbus. A number less than 100% indicates Charleston's cost of living is higher.

Schedule 6

West Virginia American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2006 (Note B)	
CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Consultants At June 30, 2006	**$ 218**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 7

West Virginia American Water Company
Estimated Billing Rates Of West Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 71	$ 89	$ 112	$ 164

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 71	$ 89	$ 112	$ 164	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 27	$ 22	$ 33	**$ 103**

CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Average Hourly Billing Rate For West Virginia CPAs At June 30, 2006	**$ 107**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 8

West Virginia American Water Company
Billing Rates Of West Virginia Engineers

Note: Billing rates were those in effect in 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$62	$102	$160	$173
Firm #2	$53	$67	$119	$157
Firm #3	$63	$89	$146	$192
Firm #4	$70	$82	$131	$168
Firm #5	$73	$80	$129	$158
Firm #6	$80	$94	$137	$192
Firm #7	$58	$77	$122	$156
Firm #8	$67	$70	$108	$154
Firm #9	$53	$82	$134	$183
Firm #10	$61	$63	$87	na

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$64	$80	$127	$170	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$19	$28	$32	$17	**$96**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2006		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 123	$ 224	$ (101)
Management Consultant	$ 112	$ 218	$ (107)
Certified Public Accountant	$ 69	$ 107	$ (38)
Professional Engineer	$ 69	$ 96	$ (27)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to WV American during the 12-months ended December 31, 2006, outside service providers would have cost $4,222,408 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 58% higher than those of the Service Company ($4,222,408 / $ 7,243,051).

	12 Months Ended December 31, 2006		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (101)	2,579	$ (259,354)
Management Consultant	$ (107)	17,990	$ (1,919,333)
Certified Public Accountant	$ (38)	40,272	$ (1,519,633)
Professional Engineer	$ (27)	19,683	$ (524,088)
Service Company Less Than Outside Providers			$ (4,222,408)

If WV American were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 80,523 hours of work (around 53 full-time equivalents at 1,500 billable hours per FTE) would add a significant workload to the existing WV American management team. Thus, it would be necessary for WV American to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill these positions would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $121,400 per year to WV American's personnel expenses.

Cost of Adding Administrative Positions To KAWC's Staff

	Total
New Positions' Salary	$ 85,000
Benefits (at 52%)	$ 36,400
Total Cost of the New Position	$ 121,400

Thus, the total effect on the ratepayers of WV American of contracting all services now provided by Service Company would be an increase in their costs of **$4,343,808** ($4,222,408 + $121,400).

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These surveys show the cost of Belleville Lab's testing services to be consistently lower than the cost of outside service providers.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, WV American's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from their FERC Form 1. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 9 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

West Virginia American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

West Virginia American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

West Virginia	• Wheeling Power	
Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Virginia	• Appalachian Power	• Virginia Electric Power
Ohio	• Cincinnati Gas & Electric • Cleveland Electric • Columbus Southern Power • Dayton Power & Light	• Ohio Edison • Ohio Power • Toledo Edison
Pennsylvania	• Duquesne Light • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric

Some neighboring electric utilities could not be included in the comparison group because they did not submit the necessary FERC Form 1 data.

Comparison Approach

The basis for this comparison is customer account services expenses per customer. WV American's cost pool was developed to include the same expenses included in the electric utilities' FERC accounts 903 and 905. As shown in the graphic below, WV American's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
IT Service Centers
a. Support expenses for the customer information system (ORCOM)
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

WV American Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to WV American. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.28 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, WV American's adjusted annual expense per customer is $32.03—the number that can be compared to neighboring electric utilities' expenses.

West Virginia American 2006 Cost Per Customer

	Cost Component	2006 Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 1,904,766	$ 1,815,480	$ 3,720,246	
Regional Offices		$ 237,223		$ 237,223	
IT/Data Centers	Bill preparation and mailing	$ 391,488		$ 391,488	
Service Company	Customer payment processing			$ 244,921	Note B
Operating Company	Postage & forms			$ 738,329	
			Cost Pool Total	$ 5,332,207	
			Total Customers	166,477	
	2006 Cost Per West Virginia American Customer			**$ 32.03**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 1,904,766
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.28	
Percent different	95%	95%
Total Adjustment B		$ 1,815,480

Note B: Estimated customer payment processing expenses

Number of customers	166,477
Number of payments/customer/year	12
Total payments processed/year	1,997,724
Bank charge per item	$ 0.1226
Total estimated annual expense	$ 244,921

Electric Utility Group Cost Per Customer

Schedule 10 shows the actual 2005 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from the utilities' FERC Form 1.

Summary Of Results

As shown in the table below, WV American's cost per customer is within a reasonable range of electric utility comparison group average. Seven comparison group utilities had higher per customer costs while 15 were lower than WV American. It can therefore be concluded that the customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to WV American are reasonable.

Average Customer Accounts Expense Per Customer	
Louisville Gas & Electric	$ 12.43
Duquesne Light	$ 15.52
Virginia Electric Power	$ 15.77
Ohio Edison	$ 16.68
Cleveland Electric Illuminating	$ 17.15
Pennsylvania Electric	$ 19.13
Pennsylvania Power	$ 19.69
Dayton Power & Light	$ 19.72
Toledo Edison	$ 21.45
PPL Electric	$ 22.28
Kentucky Utilities	$ 24.87
Union Light, Heat & Power	$ 25.64
Baltimore Gas & Electric	$ 27.17
Comparison Group Average	**$ 28.09**
Wheeling Power	$ 29.20
Cin Gas & Electric	$ 30.50
West Virginia American Water	**$ 32.03**
Ohio Power	$ 32.30
Appalachian Power	$ 32.40
Kentucky Power	$ 34.25
Columbus Southern Power	$ 35.49
PECO Energy	$ 46.94
Delmarva Power & Light	$ 51.68
Potomac Electric	$ 68.26

West Virginia American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		West Virginia	Kentucky				Virginia	
		Wheeling Power	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Union Light, Heat & Power	Appalachian Power	Virginia Electric Power
Customer Account Management Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 1,124,907	$ 5,669,498	$ 10,832,569	$ 4,279,581	$ 2,787,640	$ 28,324,797	$ 27,055,213
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 3,916	$ 15,566	$ 130,794	$ 276,482	$ 96,072	$ 65,026	$ -
Subtotal		$ 1,128,823	$ 5,685,064	$ 10,963,363	$ 4,556,063	$ 2,883,712	$ 28,389,823	$ 27,055,213
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 45,742	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291	$ 1,155,330	$ 6,548,241
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 31,178	$ 135,759	$ 358,923	$ 62,820	$ 195,943	$ 850,432	$ 2,461,320
Total Cost Pool		**$ 1,205,743**	**$ 6,001,796**	**$ 12,963,648**	**$ 4,884,656**	**$ 3,358,947**	**$ 30,395,584**	**$ 36,064,774**
Total Customers (page 304, line 43)		41,294	175,255	521,342	392,998	131,028	938,029	2,287,193
Customer Account Services Expense per Customer		**$ 29.20**	**$ 34.25**	**$ 24.87**	**$ 12.43**	**$ 25.64**	**$ 32.40**	**$ 15.77**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 486,262	$ 3,634,365	$ 22,757,866	$ 21,039,968	$ 3,124,822	$ 17,426,702	$ 130,305,500
Total Payroll (page 355, line 96)		$ 4,332,473	$ 35,638,655	$ 65,053,063	$ 65,008,192	$ 28,657,418	$ 167,682,274	$ 640,242,951
Total Benefits as Percent of Payroll		11.2%	10.2%	35.0%	32.4%	10.9%	10.4%	20.4%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 407,551	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351	$ 11,116,753	$ 32,174,121
Pension & Benefits Pertaining to Customer Accts Expenses		$ 45,742	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291	$ 1,155,330	$ 6,548,241
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 407,551	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351	$ 11,116,753	$ 32,174,121
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 31,178	$ 135,759	$ 358,923	$ 62,820	$ 195,943	$ 850,432	$ 2,461,320

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West Virginia American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cin Gas & Electric	Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 16,957,239	$ 11,230,608	$ 23,820,271	$ 8,492,898	$ 14,841,763	$ 21,665,275	$ 5,303,736
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 330,392	$ 548,454	$ 43,621	$ -	$ 606,191	$ 57,486	$ 473,314
Subtotal		$ 17,287,631	$ 11,779,062	$ 23,863,892	$ 8,492,898	$ 15,447,954	$ 21,722,761	$ 5,777,050
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,385,460	$ 950,879	$ 861,354	$ 1,102,139	$ 1,332,841	$ 675,068	$ 745,337
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 994,470	$ 333,890	$ 447,526	$ 491,627	$ 471,882	$ 497,301	$ 183,541
Total Cost Pool		**$ 20,667,561**	**$ 13,063,831**	**$ 25,172,772**	**$ 10,086,663**	**$ 17,252,677**	**$ 22,895,130**	**$ 6,705,928**
Total Customers (page 304, line 43)		677,662	761,559	709,305	511,595	1,034,352	708,823	312,698
Customer Account Services Expense per Customer		**$ 30.50**	**$ 17.15**	**$ 35.49**	**$ 19.72**	**$ 16.68**	**$ 32.30**	**$ 21.45**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 47,475,767	$ 15,685,439	$ 12,034,999	$ 15,099,058	$ 18,208,700	$ 17,071,647	$ 9,733,958
Total Payroll (page 355, line 96)		$ 258,720,076	$ 71,996,883	$ 81,737,364	$ 88,041,518	$ 84,269,929	$ 164,393,699	$ 31,333,451
Total Benefits as Percent of Payroll		18.4%	21.8%	14.7%	17.1%	21.6%	10.4%	31.1%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 12,999,608	$ 4,364,576	$ 5,850,008	$ 6,426,492	$ 6,168,392	$ 6,500,661	$ 2,399,227
Pension & Benefits Pertaining to Customer Accts Expenses		$ 2,385,460	$ 950,879	$ 861,354	$ 1,102,139	$ 1,332,841	$ 675,068	$ 745,337
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt								
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 12,999,608	$ 4,364,576	$ 5,850,008	$ 6,426,492	$ 6,168,392	$ 6,500,661	$ 2,399,227
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 994,470	$ 333,890	$ 447,526	$ 491,627	$ 471,882	$ 497,301	$ 183,541

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West Virginia American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Pennsylvania				
		Duquesne Light	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 7,630,920	$ 51,262,973	$ 10,706,242	$ 2,660,189	$ 24,785,789
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ -	$ 17,091,051	$ 98,990	$ 121,055	$ 602,445
Subtotal		$ 7,630,920	$ 68,354,024	$ 10,805,232	$ 2,781,244	$ 25,388,234
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	Note A	$ 729,457	$ 2,946,156	$ 11,831	$ 227,639	$ 3,320,449
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 732,520	$ 1,155,943	$ 419,574	$ 94,893	$ 1,618,783
Total Cost Pool		**$ 9,092,897**	**$ 72,456,123**	**$ 11,236,637**	**$ 3,103,776**	**$ 30,327,466**
Total Customers (page 304, line 43)		586,050	1,543,543	587,533	157,660	1,361,407
Customer Account Services Expense per Customer		**$ 15.52**	**$ 46.94**	**$ 19.13**	**$ 19.69**	**$ 22.28**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 8,677,884	$ 36,605,786	$ 136,028	$ 2,618,720	$ 37,811,499
Total Payroll (page 355, line 96)		$ 113,912,649	$ 187,745,320	$ 63,058,697	$ 14,269,687	$ 240,965,158
Total Benefits as Percent of Payroll		7.6%	19.5%	0.2%	18.4%	15.7%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 9,575,422	$ 15,110,369	$ 5,484,627	$ 1,240,430	$ 21,160,563
Pension & Benefits Pertaining to Customer Accts Expenses		$ 729,457	$ 2,946,156	$ 11,831	$ 227,639	$ 3,320,449
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt						
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 9,575,422	$ 15,110,369	$ 5,484,627	$ 1,240,430	$ 21,160,563
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 732,520	$ 1,155,943	$ 419,574	$ 94,893	$ 1,618,783

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West Virginia American Water Company
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Maryland			
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Group Average
Customer Account Services Cost Pool					
FERC Account Balances:					
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 25,551,429	$ 24,286,873	$ 42,662,729	$ 371,933,139
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 1,886,586	$ 36,700	$ 28,408	$ 22,512,549
Subtotal		$ 27,438,015	$ 24,323,573	$ 42,691,137	$ 394,445,688
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	**Note A**	$ 3,403,735	$ 1,224,898	$ 6,540,963	$ 36,574,918
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 1,709,916	$ 593,630	$ 1,381,070	$ 15,222,940
Total Cost Pool		**$ 32,551,666**	**$ 26,142,101**	**$ 50,613,170**	**$ 446,243,546**
Total Customers (page 304, line 43)		1,198,259	505,820	741,453	15,884,858
Customer Account Services Expense per Customer		**$ 27.17**	**$ 51.68**	**$ 68.26**	**$ 28.09**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 36,869,939	$ 10,925,490	$ 39,171,172	$ 506,901,571
Total Payroll (page 355, line 96)		$ 242,119,698	$ 69,214,172	$ 108,113,323	$ 2,826,506,650
Total Benefits as Percent of Payroll		15.2%	15.8%	36.2%	17.9%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 22,351,847	$ 7,759,865	$ 18,053,206	$ 198,992,680
Pension & Benefits Pertaining to Customer Accts Expenses		$ 3,403,735	$ 1,224,898	$ 6,540,963	$ 35,687,056
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt					
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 22,351,847	$ 7,759,865	$ 18,053,206	$ 198,992,680
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 1,709,916	$ 593,630	$ 1,381,070	$ 15,222,940

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VI - Need For Service Company Services

Analysis Of Services

The final aspect of this study was an assessment of whether the services that are provided to WV American by the Service Company would be necessary if WV American were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for WV American. Based on interviews of Service Company personnel, the matrix in Schedule 11 was created showing which entity—WV American or a Service Company location—is responsible for each of the functions WV American requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 11, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Schedule 11, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	West Virginia American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		S				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	P		S		S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	S		P				
Developers Extensions	P						
Tank Painting	P		S				
Water Quality and Purification							
Water Quality Standards Development			S		S		P
Research Studies	S				S		P
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Sampling	P		S				S
Testing/Other Sampling	S		S		S		P
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S					
Customer Credit		P					
Meter Reading	P					S	
Customer Bill Preparation		S				P	
Bill Collection	S	P				S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

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Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	West Virginia American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	P		P		S		
Financings—Equity					S		
Financings--Long Term Debt & Preferred (A)	S		P				
Short Term Lines of Credit Arrangements (A)	S		P				
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	P		S				
O&M	P		S				
Depreciation and Interest Expense	S		S	P			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P		S				
Capital Budget Preparation--Non-Project Work	P						
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	P		S				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections	P		S				
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparation--Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S			P			
Gross Receipts Taxes	S			P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	West Virginia American	Customer Call Centers	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S			P			
Contract Administration	S			P			
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	S		P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Labor Negotiations--Wages	S		P				
Labor Negotiations--Benefits					P		
Labor Negotiations--Work Rules	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	P						
Affirmative Action/EEO--Plan Development	P						
Affirmative Action/EEO--Implementation	P						
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration			P			S	
PC Acquisition & Support			P			S	
Help Desk			S			P	

Governance Practices Associated With Service Company Charges

There are several ways by which WV American exercises control over Service Company services and charges. The most important of these are described below.

- **Regional President Oversight** – The Regional President of the Southeast Region is on the Executive Management Team (EMT) of American Water. The Regional President is responsible for the overall performance of each operating company in the region, including Pennsylvania American, Virginia American, West Virginia American, Kentucky American, Tennessee American and Maryland American. As part of the EMT, each Regional President has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The regional president has dialogue with each operating subsidiary president to address their local concerns.

- **Regional Vice President Finance and Treasurer** – The Regional VP Finance and Treasurer of the Southeast Region is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The VP Finance and Treasurer monitors the performance and reporting from the Service Company and pushes back whenever the quality and service are not appropriate. The Regional VP Finance and Treasurer attends monthly Business Plan Review sessions with the WV American President and finance group to review actual results and address forecast modifications for the remainder of the year. The Regional VP Finance and Treasurer reports on the quarterly the financial results and Business Plan updates to WV American 's Board of Directors. The rates function reports to the Regional VP Finance and Treasurer, who reviews and authorizes the filing of WV American rate cases, including regular involvement with status of the cases. The operating subsidiary interacts with the Regional VP & Treasurer to discuss various issues.

- **Operating Company Board Oversight** – WV American's board of directors includes members of American Water's EMT, members of the regional management team and business and community leaders from outside the Company. This helps ensure that WV American's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – Every operating company's regional president sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. WV American's president is chairman of the local board.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the Regional President. The Regional President, with input from the regional management team (including the president of WV American), has the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Regional office personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. WV American's financial analyst has dialogue with regional office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The Regional Office Finance unit prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. These schedules are reviewed at the monthly BPR. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly by each operating company, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date.

- **Capital Investment Management Committee (CIMC)** – CIMC is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. The current CIMC process and procedures were established in 2003 as part of an initiative to implement leading water industry practices. CIMC provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIMC ensures that:

  - Capital expenditure plans are aligned with the strategic intent of the business,
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans,
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIMC process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all WV American Operating Units.

  Monthly meetings of the CIMC are held to review capital spending compared to plan, review new project requests, review updates or modifications to existing projects and address the Capital Spending Plan over the five year planning horizon. The President of WV American, Manager of Rates, WV American engineers, and WV American operations managers participate in the meetings and provide the data used in the monthly review schedules

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Case No. 07-0998-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T Tariff Filing to Increase
Rates and Charges

DIRECT TESTIMONY OF

PATRICK L. BARYENBRUCH

July 23, 2007

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been

responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. PLEASE DESCRIBE THE REASON FOR YOUR TESTIMONY IN THIS CASE.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company ("Service Company") during 2006 to West Virginia-American Water Company (WV American). This study was

undertaken in conjunction with WV American's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

Q. WHAT WERE THE OBJECTIVES OF YOUR STUDY?

A. This study was undertaken to answer three questions. First, was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during 2006? Second, were the 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services WV American receives from the Service Company reasonably necessary to WV American's provision of service to its customers?

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 1, WHETHER WV AMERICAN WAS CHARGED THE LOWER OF COST OR MARKET SERVICES PROVIDED BY THE SERVICE COMPANY?

A. I was able to draw the following conclusions:

(1) WV American was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2006.

(2) On average, the hourly rates for outside service providers are 58% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, then WV American would have to add at least one position to manage activities of outside firms in order to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, then WV American and its ratepayers would have incurred an **additional $4.3 million** in expenses. This amount includes the higher cost of outside providers and the cost of a WV American position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 hours per day, even when they work more. If the overtime hours of Service

Company personnel had been factored into the hourly rate calculation, then the Service Company would have had an even greater annual dollar advantage than the $4.3 million cited above.

(6) It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only the Service Company's actual cost of service is being recovered from WV American ratepayers.

Q. WHAT IS YOUR CONCLUSION REGARDING THE REASONABLENESS OF THE COSTS OF THE NATIONAL CALL CENTER THAT PROVIDES SERVICE TO WV AMERICAN?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the neighboring electric utility comparison group average cost per customer. As explained in the study, this group of companies provides a

reasonable proxy group for comparison to a regulated utility of the size and scope of WV American. During the 12 months ended December 31, 2006, the customer accounts cost for WV American customers was $32.03, compared to the 2005 average of $28.09 for neighboring electric utilities. The highest comparison group per customer cost was $68.26 and the lowest $12.43. Seven comparison group utilities had higher per customer costs while 15 were lower than WV American.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING THE NECESSITY OF THE SERVICES WV AMERICAN RECEIVES FROM THE SERVICE COMPANY?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to WV American.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

Market Cost Comparison of Service Company Charges to West Virginia-American Water Company

12-Months Ended December 31, 2007

Baryenbruch & Company, LLC

West Virginia-American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to West Virginia-American Water Company ("WV American"), each of which bears on the reasonableness of those charges as incurred during the 2007 test in Case No. 08-0900-W-42-T pending before the Public Service Commission of West Virginia:

1. Was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during 2007?

2. Was the 2007 cost of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

3. Are the services WV American receives from Service Company necessary?

4. Were the Service Company's charges to WV American during the 12-months ended December 31, 2007 reasonable by other comparative measures?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- WV American was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2007.

- On average, the hourly rates for outside service providers are 44% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, WV American would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12-months ended December 31, 2007, WV American and its ratepayers would have incurred more than $3,354,359 in additional expenses. This amount includes the higher cost of outside providers and the cost of an additional one half WV American position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $3,354,359 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $160,000 in additional charges from outside providers.

- It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from WV American ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and WV American. During the 12-months ended December 31, 2007, the customer accounts cost for WV American customers was $33.31 compared to the 2007 average of $31.27 for neighboring electric utilities. The highest comparison group per customer cost was $70.37 and the lowest $13.71.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

Concerning question 4, the following conclusions were reached:

- The Service Company provides WV American with services similar to those provided by other utility service companies. This was determined based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

- American Water's 2007 cost per WV American customer was reasonable compared to cost per customer for electric and combination electric/gas service companies. During 2007, WV American was charged an average of $55 per customer by the Service Company compared to an average of $122 per customer for service companies reporting to the FERC.

II - Background

Overview Of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding its own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like WV American, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers: one in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of WV American, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois, and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to American Water's operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Southeast Region's professional labor is assigned to WV American during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Southeast Region's accumulated professional and support labor is charged to WV American during the month, then 20% of that month's overhead expenses will be assigned to WV American.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to WV American, then 2% of that office's office expenses would be assigned to WV American. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended December 31, 2007, the Service Company billed WV American $10,909,934 in O&M-related charges, $673,657 in capital-related charges and $11,283 in other charges. Included in the O&M amount are certain non-recurring expenses and non-Southeast Region charges which are excluded from this market study. As calculated in the table below, net Service Company charges of $9,909,212 were subjected to a market cost comparison.

	12 Months Ended December 31, 2007
Mgmt Fee Expense (O&M)	$ 10,909,934
Less: Non-Recurring Expenses	
Business Change	$ 3,590
Divestiture & SOX	$ (1,607,454)
Total Non-Recurring Expenses	$ (1,603,864)
Less: Non-Southeast Regions	$ (81,799)
Net Testable O&M	$ 9,224,272
Total Capital	$ 673,657
Total Other	$ 11,283
Total Testable SC Charges	**$ 9,909,212**

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended Dec. 31, 2007	
	Amount	Hours
Management and Professional Services	$ 7,338,635	71,137
Customer Account Services	$ 2,570,577	73,349
Total Service Company Charges	$ 9,909,212	144,486

This study's first question—whether Service Company 2007 charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to WV American during the 12 months ended December 31, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—whether Service Company 2007 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing WV American's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account

services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to WV American. A determination was then made as to whether these services would be required if WV American were a stand-alone utility.

The fourth question—whether Service Company 2007 charges were reasonable by other comparative measures—was determined by comparing WV American's net testable O&M Service Company charges per customer to those of electric and combination electric/gas utilities that file FERC Form 60 – Annual Report of Service Companies.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

The Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to WV American during the 12 months ended December 31, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged WV American during 2007, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, then Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 1 (page 11) details the assignment of 12 months ended December 31, 2007 management and professional Service Company charges by outsider provider category. Schedule 2 (page 12) shows the same assignment for Service Company management and professional hours charged to WV American during the 12 months ended December 31, 2007.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2007 test period non-labor Service Company charges:

- Contract Services – 12 months ended December 31, 2007 Service Company charges to WV American include almost $432,000 in expenses associated with the use of outside

professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended December 31, 2007 Service Company charges to WV American are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 3 (page 13) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 1 and 2 and the excludable items shown in Schedule 3, the Service Company's equivalent costs per hour for the 12 months ended December 31, 2007 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 376,485	$ 2,443,080	$ 3,318,764	$ 1,200,306	$ 7,338,635
Less:					
Contract services	$ 9,241	$ 105,513	$ 303,907	$ 13,634	$ 432,295
Travel expenses	$ 6,090	$ 81,313	$ 51,406	$ 40,671	$ 179,480
Computer hardware/software	$ 1	$ 31,987	$ 56,482	$ 18,759	$ 107,229
Net Service Charges (A)	$ 361,154	$ 2,224,266	$ 2,906,968	$ 1,127,242	$ 6,619,630
Total Hours (B)	2,418	16,815	39,098	12,807	71,137
Average Hourly Rate (A / B)	**$ 149**	**$ 132**	**$ 74**	**$ 88**	

West Virginia American Water Company
Analysis of 12 Months Ended December 31, 2007 Service Company Charges By Location And Function

Location	Function	12 Months Ended December 31, 2007 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 253,900	$ 253,900
Call Center	Human Resources		$ 48,872			$ 48,872
Corporate	Accounting			$ 486,358		$ 486,358
	Administration		$ 308,042			$ 308,042
	Audit			$ 81,810		$ 81,810
	Communications		$ 102,810			$ 102,810
	Engineering				$ 32,691	$ 32,691
	Finance			$ 194,551		$ 194,551
	Human Resources		$ 312,413			$ 312,413
	Legal	$ 116,264				$ 116,264
	Operations		$ 218,864		$ 109,688	$ 328,552
	Rates & Revenue			$ 109,540		$ 109,540
	Risk Management		$ 124,667			$ 124,667
	Water Quality				$ 78,538	$ 78,538
Regional Offices	Accounting			$ 35,904		$ 35,904
	Administration		$ 150,210			$ 150,210
	Communications		$ 223,821			$ 223,821
	Engineering				$ 324,467	$ 324,467
	Finance			$ 381,629		$ 381,629
	Human Resources		$ 121,944			$ 121,944
	Legal	$ 260,220				$ 260,220
	Operations		$ 455,277		$ 214,148	$ 669,425
	Risk Management		$ 254,126			$ 254,126
	Water Quality				$ 186,874	$ 186,874
Information Technology	Information Technology			$ 1,393,970		$ 1,393,970
Shared Services	Accounting			$ 527,951		$ 527,951
	Administration		$ 122,034			$ 122,034
	Finance			$ 71,213		$ 71,213
	Rates & Revenue			$ 35,838		$ 35,838
Total Dollars Charged		**$ 376,485**	**$ 2,443,080**	**$ 3,318,764**	**$ 1,200,306**	**$ 7,338,635**

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West Virginia American Water Company
Analysis of 12 Months Ended December 31, 2007Service Company Hours By Location And Function

Location	Function	12 Months Ended December 31, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				3,527	3,527
Call Center	Human Resources		602			602
Corporate	Accounting			4,984		4,984
	Administration		6			6
	Audit			576		576
	Communications		530			530
	Engineering				227	227
	Finance			1,388		1,388
	Human Resources		2,716			2,716
	Legal	421				421
	Operations		940		941	1,882
	Rates & Revenue			353		353
	Risk Management		781			781
	Water Quality				948	948
Regional Offices	Accounting			557		557
	Administration		697			697
	Communications		2,533			2,533
	Engineering				3,390	3,390
	Finance			3,359		3,359
	Human Resources		869			869
	Legal	1,996				1,996
	Operations		3,439		1,900	5,339
	Risk Management		2,968			2,968
	Water Quality				1,872	1,872
Information Technology	Information Technology			14,433		14,433
Shared Services	Accounting			11,268		11,268
	Administration		736			736
	Finance			1,732		1,732
	Rates & Revenue			448		448
Total Hours Charged		**2,418**	**16,815**	**39,098**	**12,807**	**71,137**

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West Virginia American Water Company
12 Months Ended December 31, 2007 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Accounting	$ 132,594	$ 12,962	$ 4,041	$ 149,596
Administration	$ 19,515	$ 13,224	$ (1,279)	$ 31,460
Audit	$ 14,635	$ 2,004	$ -	$ 16,640
Communications	$ 13,125	$ 7,679	$ 176	$ 20,980
Engineering	$ (523)	$ 3,269	$ 277	$ 3,023
Finance	$ 26,949	$ 6,655	$ 273	$ 33,877
Human Resources	$ 65,469	$ 15,689	$ 4,132	$ 85,290
Information Technology	$ 108,932	$ 22,340	$ 52,145	$ 183,417
Legal	$ 9,241	$ 6,090	$ 1	$ 15,331
Operations	$ 6,917	$ 60,281	$ 7,658	$ 74,856
Rates & Revenue	$ 20,797	$ 7,445	$ 24	$ 28,266
Risk Management	$ 3,316	$ 9,086	$ 26,087	$ 38,489
Water Quality	$ 11,328	$ 12,757	$ 13,696	$ 37,781
Total	**$ 432,295**	**$ 179,480**	**$ 107,229**	**$ 719,005**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 9,241	$ 6,090	$ 1	$ 15,331
Management Consultant	$ 105,513	$ 81,313	$ 31,987	$ 218,814
Certified Public Accountant	$ 303,907	$ 51,406	$ 56,482	$ 411,796
Professional Engineer	$ 13,634	$ 40,671	$ 18,759	$ 73,064
Total	**$ 432,295**	**$ 179,480**	**$ 107,229**	**$ 719,005**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs below.

It should be noted that professionals working for 3 of the 4 outside providers may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among certified public accounting firms within West Virginia's region, only partner/owners are predominantly CPAs, as shown in the table below. Some employees of the Service Company also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

	Firm Size		
Position	Small	Medium	Large
Partners/Owners	90.1%	93.0%	98.4%
Directors (over 10 years experience)	42.9%	60.9%	78.6%
Managers (6-10 years experience)	37.5%	51.2%	86.6%
Sr Associates (4-5 years experience)	0.0%	60.9%	64.5%
Associates (1-3 years experience)	0.0%	17.9%	19.2%
New Professionals	0.0%	0.0%	7.9%

Attorneys

The West Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for West Virginia attorneys. Therefore, an estimate of West Virginia attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 4, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Charleston, West Virginia. The survey includes rates that were in effect during 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2007 annual survey performed by the Association of Management Consulting Firms, an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2006 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2006. Thus, the 2006 average rate was escalated to June 30, 2007—the midpoint of the 12 months ended December 31, 2007.

Certified Public Accountants

The average hourly rate for West Virginia certified public accountants was developed from a 2006 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in the south Atlantic region. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2007, the midpoint of 2007.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been used by WV American in 2007. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

West Virginia American Water Company
Estimated Billing Rates For West Virginia Attorneys Based On
Michigan Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
	Michigan	Of Mich	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit	229	$ 170	$ 275	$ 260	$ 530	$ 309	96%	$ 320
Dykema	Detroit	222	$ 185	$ 390	$ 245	$ 625	$ 361	96%	$ 375
Butzel Long	Detroit	209	$ 165	$ 400	$ 220	$ 550	$ 334	96%	$ 346
Bodman LLP	Detroit	128	$ 125	$ 215	$ 210	$ 495	$ 261	96%	$ 271
Jaffe Raitt Heuer & Weiss, PC	Southfield	100	$ 165	$ 225	$ 225	$ 500	$ 279	110%	$ 253
Trott & Trott, PC	Bingham Farms	64	$ 170	$ 170	$ 235	$ 235	$ 203	143%	$ 142
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	110%	$ 270
Kemp, Klein, Umphrey, Edelman & May PC	Troy	36	$ 150	$ 190	$ 200	$ 340	$ 220	127%	$ 174
Pepper Hamilton LLP	Detroit	33	$ 200	$ 315	$ 340	$ 615	$ 368	96%	$ 381
Hertz, Schram & Saretsky, PC	Bloomfield Hills	29	$ 175	$ 260	$ 275	$ 400	$ 278	158%	$ 176
Strobl & Sharp, PC	Bloomfield Hills	28	$ 110	$ 210	$ 200	$ 300	$ 205	158%	$ 130
Kupelian Ormond & Magy, PC	Southfield	25	$ 165	$ 195	$ 235	$ 320	$ 229	110%	$ 208
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	25	$ 130	$ 250	$ 275	$ 495	$ 288	158%	$ 182
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	109%	$ 243
							Overall Average 2007 Billing Rate		$ 248

Note A: Source is Michigan Lawyers Weekly, April 2007
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Charleston, West Virginia. A number over 100% indicates the Michigan city's cost of living is higher than Charleston. A number less than 100% indicates Charleston's cost of living is higher.

Schedule 5

West Virginia American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2006 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 187	$ 235	$ 306	$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$187	$235	$306	$358	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 43	$ 56	$ 47	$ 31	$ 36	**$ 212**

Escalation to Midpoint of December 31, 2007 Test Period (Note B)

CPI at December 31, 2006	201.8
CPI at June 30, 2007	208.4
Inflation/Escalation	3.3%
Average Hourly Billing Rate For Management Consultants At June 30, 2007	**$ 219**

Note A: source: "Operating Ratios For Management Consulting Firms, 2007 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

West Virginia American Water Company
Billing Rates Of West Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 71	$ 89	$ 112	$ 164

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 71	$ 89	$ 112	$ 164	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 27	$ 22	$ 33	**$ 103**

CPI at December 31, 2005	196.8
CPI at June 30, 2007	208.4
Inflation/Escalation	5.9%
Average Hourly Billing Rate For West Virginia CPAs At June 30, 2007	**$ 109**

Schedule 7

West Virginia American Water Company
Billing Rates Of West Virginia Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$73	$108	$163	$87
Firm #2	$55	$70	$124	$163
Firm #3	$65	$93	$152	$200
Firm #4	$73	$85	$136	$175
Firm #5	$76	$84	$134	$164
Firm #6	$83	$98	$143	$200
Firm #7	$60	$80	$127	$162
Firm #8	$70	$73	$112	$160
Firm #9	$55	$86	$139	$190
Firm #10	$63	$65	$90	na

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$67	$84	$132	$167	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$20	$29	$33	$17	**$99**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 149	$ 244	$ (95)
Management Consultant	$ 132	$ 219	$ (87)
Certified Public Accountant	$ 74	$ 109	$ (35)
Professional Engineer	$ 88	$ 99	$ (11)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to WV American during the 12-months ended December 31, 2007, outside service providers would have cost $3,204,959 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 44% higher than those of the Service Company ($3,204,959 / $ 1,031,624).

	12 Months Ended December 31, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (95)	2,418	$ (228,648)
Management Consultant	$ (87)	16,815	$ (1,462,293)
Certified Public Accountant	$ (35)	39,098	$ (1,370,273)
Professional Engineer	$ (11)	12,807	$ (143,746)
Service Company Less Than Outside Providers			$ (3,204,959)

If WV American were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 71,137 hours of work (more than 47 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing WV American management team. Thus, it would be necessary for WV American to add at least one half of one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $149,400 per year to WV American's personnel expenses.

Cost of Adding a Professional Position To WVA's Sta	Total
New Positions' Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Total Cost of Full Time Position	$ 149,400

Thus, the total effect on the ratepayers of WV American of contracting all services now provided by the Service Company would be an increase in their costs of $3,354,359 ($3,204,959 + $149,400). Based on the results of this comparison, it is possible to conclude that the Service Company charged WV American at the lower of cost or market for services provided during 2007.

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for WV American.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, WV American's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from the FERC Form 1 that each must file. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 8 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

West Virginia American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

West Virginia American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 shows amounts for accounts 903 and 905.

West Virginia	• Wheeling Power	
Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Virginia	• Appalachian Power	• Virginia Electric Power
Ohio	• Cincinnati Gas & Electric • Cleveland Electric • Columbus Southern Power • Dayton Power & Light	• Ohio Edison • Ohio Power • Toledo Edison
Pennsylvania	• Duquesne Light • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric

Comparison Approach

The basis for this comparison is customer account services expenses per customer. WV American's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, WV American's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

WV American Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to WV American. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.33 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, WV American's adjusted annual expense per customer is $32.48—the number that can be compared to neighboring electric utilities' expenses. WV American's 2007 unadjusted annual expense per customer is $21.90.

West Virginia American Water Company

Cost Component		Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 2,174,942	$ 1,917,855	$ 4,092,797	
Regional Offices		$ 395,635		$ 395,635	
Service Company	Customer payment processing			$ 102,473	Note B
Operating Company	Postage & forms			$ 1,007,341	
			Cost Pool Total	$ 5,598,246	
			Total Customers	168,060	
	12 Months Ended December 31, 2007 Cost Per WV American Customer			**$ 33.31**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 2,174,942
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.33	
Percent different	88%	88%
Total Adjustment B		$ 1,917,855

Note B: Estimated customer payment processing expenses

Number of customers	168,060
Number of payments/customer/year	4.3
Total payments processed/year	722,658
Bank charge per item	$ 0.1418
Total estimated annual expense	$ 102,473

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary Of Results

As shown in the table below, WV American's cost per customer is within a reasonable range of the average of the neighboring electric utility comparison group. It can therefore be concluded that WV American's 2007 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to WV American were comparable to those of other utilities.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	13.71
Pennsylvania Electric	$	13.97
Virginia Electric Power	$	15.89
Duquesne Light	$	17.18
Pennsylvania Power	$	17.24
Ohio Edison	$	19.04
Dayton Power & Light	$	19.15
Cleveland Electric Illuminating	$	21.33
Toledo Edison	$	25.77
Kentucky Utilities	$	25.91
PPL Electric	$	27.14
Wheeling Power	$	28.08
Comparison Group Average	**$**	**31.27**
Baltimore Gas & Electric	$	32.50
West Virginia American Water	**$**	**33.31**
Duke Energy Kentucky	$	34.88
Appalachian Power	$	34.99
Ohio Power	$	35.00
Duke Energy Ohio	$	36.10
Kentucky Power	$	37.59
Columbus Southern Power	$	38.57
PECO Energy	$	55.42
Delmarva Power & Light	$	61.87
Potomac Electric	$	70.37

West Virginia American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		West Virginia	Kentucky				Maryland		
		Wheeling Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric
Customer Account Services Cost Pool									
FERC Account Balances:									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 1,083,477	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565	$ 26,325,591	$ 30,683,864	$ 46,795,233
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,480	$ 75,852	$ 2,888	$ 173,641	$ 215,534	$ 2,886,642	$ 6,566	$ -
Subtotal		$ 1,084,957	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099	$ 29,212,233	$ 30,690,430	$ 46,795,233
Add: Employee Benefits & Employer FICA (not included in above amounts)									
Account 926 - Employee Pension & Benefits	**Note A**	$ 55,868	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390	$ 8,173,002	$ 675,718	$ 5,348,590
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 19,665	$ 264,982	$ 111,009	$ 230,888	$ 94,002	$ 2,300,977	$ 561,925	$ 1,108,174
Total Cost Pool		**$ 1,160,489**	**$ 4,668,963**	**$ 6,605,240**	**$ 13,824,490**	**$ 5,494,491**	**$ 39,686,212**	**$ 31,928,073**	**$ 53,251,997**
Total Customers (page 304, line 43)		41,332	133,868	175,705	533,512	400,703	1,221,284	516,058	756,711
Customer Account Services Expense per Customer		**$ 28.08**	**$ 34.88**	**$ 37.59**	**$ 25.91**	**$ 13.71**	**$ 32.50**	**$ 61.87**	**$ 70.37**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt									
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 369,460	$ 9,725,767	$ 4,466,809	$ 22,618,725	$ 20,138,689	$ 44,787,999	$ 3,579,071	$ 21,362,833
Total O&M Payroll (page 355, line 65)		$ 1,699,949	$ 31,182,162	$ 22,664,819	$ 39,257,367	$ 45,624,056	$ 164,827,958	$ 38,906,442	$ 57,858,348
Benefits as Percent of Payroll		21.7%	31.2%	19.7%	57.6%	44.1%	27.2%	9.2%	36.9%
Payroll Applicable to Customer Account Services									
Total Payroll Charged to Customer Accounts Function									
Electric (page 354, line 7)		$ 357,852	$ 1,323,882	$ 1,702,053	$ 4,110,913	$ 960,068	$ 23,435,975	$ 8,109,529	$ 15,271,688
Gas (page 354, line 37)			$ 3,112,805			$ 771,056	$ 12,007,249	$ 1,431,093	
Total Payroll Charged to Customer Accounts		$ 357,852	$ 4,436,687	$ 1,702,053	$ 4,110,913	$ 1,731,124	$ 35,443,224	$ 9,540,622	$ 15,271,688
Percent Applicable to Customer Accounts Services (903 and 905):									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 1,083,477	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565	$ 26,325,591	$ 30,683,864	$ 46,795,233
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,480	$ 75,852	$ 2,888	$ 173,641	$ 215,534	$ 2,886,642	$ 6,566	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 1,084,957	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099	$ 29,212,233	$ 30,690,430	$ 46,795,233
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 425,426	$ 933,492	$ 1,073,679	$ 4,292,201	$ 1,986,061	$ 5,210,641	$ 9,171,909	$ 2,538,291
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 1,510,383	$ 4,257,103	$ 7,281,927	$ 16,146,857	$ 6,844,160	$ 34,422,874	$ 39,862,339	$ 49,333,524
Percent Applicable to Customer Accounts Services (903 and 905)		71.8%	78.1%	85.3%	73.4%	71.0%	84.9%	77.0%	94.9%
Customer Account Services Portion of Total Payroll		$ 257,057	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781	$ 30,078,131	$ 7,345,424	$ 14,485,935
Pension & Benefits Pertaining to Customer Accounts Services		$ 55,868	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390	$ 8,173,002	$ 675,718	$ 5,348,590
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services									
Customer Account Services Portion of Total Payroll		$ 257,057	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781	$ 30,078,131	$ 7,345,424	$ 14,485,935
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 19,665	$ 264,982	$ 111,009	$ 230,888	$ 94,002	$ 2,300,977	$ 561,925	$ 1,108,174

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West Virginia American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Duke Energy - Ohio	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,571,985	$ 27,013,658	$ 8,528,580	$ 18,251,514	$ 20,280,096	$ 23,346,691	$ 6,786,566
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 493,177	$ 30,647	$ -	$ 7,279	$ 507,437	$ 36,717	$ 156,298
Subtotal		$ 15,065,162	$ 27,044,305	$ 8,528,580	$ 18,258,793	$ 20,787,533	$ 23,383,408	$ 6,942,864
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 836,948	$ 1,264,559	$ 991,292	$ 5,237,196	$ (1,424,285)	$ 1,098,295	$ 982,446
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 274,236	$ 428,016	$ 333,191	$ 1,290,860	$ 450,184	$ 418,833	$ 150,795
Total Cost Pool		**$ 16,176,347**	**$ 28,736,880**	**$ 9,853,063**	**$ 24,786,849**	**$ 19,813,432**	**$ 24,900,536**	**$ 8,076,105**
Total Customers (page 304, line 43)		758,319	745,133	514,405	686,578	1,040,662	711,406	313,413
Customer Account Services Expense per Customer		**$ 21.33**	**$ 38.57**	**$ 19.15**	**$ 36.10**	**$ 19.04**	**$ 35.00**	**$ 25.77**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,650,920	$ 11,597,859	$ 18,464,446	$ 52,482,158	$ (11,505,519)	$ 22,732,455	$ 7,749,820
Total O&M Payroll (page 355, line 65)		$ 32,770,179	$ 51,314,234	$ 81,127,271	$ 169,094,889	$ 47,537,720	$ 113,320,078	$ 15,549,239
Benefits as Percent of Payroll		23.3%	22.6%	22.8%	31.0%	-24.2%	20.1%	49.8%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 4,890,691	$ 6,589,685	$ 6,193,463	$ 8,774,665	$ 8,447,511	$ 6,727,321	$ 2,640,178
Gas (page 354, line 37)					$ 13,561,352			
Total Payroll Charged to Customer Accounts		$ 4,890,691	$ 6,589,685	$ 6,193,463	$ 22,336,017	$ 8,447,511	$ 6,727,321	$ 2,640,178
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,571,985	$ 27,013,658	$ 8,528,580	$ 18,251,514	$ 20,280,096	$ 23,346,691	$ 6,786,566
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 493,177	$ 30,647	$ -	$ 7,279	$ 507,437	$ 36,717	$ 156,298
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 15,065,162	$ 27,044,305	$ 8,528,580	$ 18,258,793	$ 20,787,533	$ 23,383,408	$ 6,942,864
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,488,077	$ 4,808,046	$ 3,599,111	$ 5,910,289	$ 9,052,734	$ 5,348,894	$ 2,356,336
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 20,553,239	$ 31,852,351	$ 12,127,691	$ 24,169,082	$ 29,840,267	$ 28,732,302	$ 9,299,200
Percent Applicable to Customer Accounts Services (903 and 905)		73.3%	84.9%	70.3%	75.5%	69.7%	81.4%	74.7%
Customer Account Services Portion of Total Payroll		$ 3,584,790	$ 5,594,986	$ 4,355,441	$ 16,873,984	$ 5,884,763	$ 5,474,942	$ 1,971,180
Pension & Benefits Pertaining to Customer Accounts Services		$ 836,948	$ 1,264,559	$ 991,292	$ 5,237,196	$ (1,424,285)	$ 1,098,295	$ 982,446
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,584,790	$ 5,594,986	$ 4,355,441	$ 16,873,984	$ 5,884,763	$ 5,474,942	$ 1,971,180
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 274,236	$ 428,016	$ 333,191	$ 1,290,860	$ 450,184	$ 418,833	$ 150,795

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West Virginia American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Virginia		Pennsylvania					
		Appalachian Power	Virginia Electric Power	Duquesne Light	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric	Group Average
Customer Account Services Cost Pool									
FERC Account Balances:									
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 31,314,061	$ 32,253,336	$ 6,737,679	$ 44,969,347	$ 10,340,968	$ 2,890,828	$ 28,563,240	$ 406,513,413
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 18,238	$ -	$ -	$ 34,562,550	$ 129,987	$ 120,019	$ 990,261	$ 40,415,213
Subtotal		$ 31,332,299	$ 32,253,336	$ 6,737,679	$ 79,531,897	$ 10,470,955	$ 3,010,847	$ 29,553,501	$ 446,928,626
Add: Employee Benefits & Employer FICA (not included in above amounts)									
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,429,385	$ 3,831,664	$ 2,882,751	$ 5,141,143	$ (2,549,675)	$ (352,049)	$ 6,625,261	$ 43,895,801
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 534,319	$ 1,451,975	$ 443,792	$ 1,524,935	$ 303,672	$ 82,837	$ 1,414,208	$ 13,793,475
Total Cost Pool		**$ 33,296,003**	**$ 37,536,975**	**$ 10,064,222**	**$ 86,197,975**	**$ 8,224,953**	**$ 2,741,635**	**$ 37,592,970**	**$ 504,617,902**
Total Customers (page 304, line 43)		951,693	2,362,318	585,837	1,555,342	588,871	158,987	1,385,081	16,137,218
Customer Account Services Expense per Customer		**$ 34.99**	**$ 15.89**	**$ 17.18**	**$ 55.42**	**$ 13.97**	**$ 17.24**	**$ 27.14**	**$ 31.27**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt									
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,499,955	$ 120,865,073	$ 31,719,047	$ 32,224,495	$ (23,125,715)	$ (2,234,231)	$ 32,626,364	$ 449,796,480
Total O&M Payroll (page 355, line 65)		$ 105,057,647	$ 598,702,458	$ 63,830,893	$ 124,944,222	$ 36,004,272	$ 6,872,052	$ 91,036,928	$ 1,939,183,183
Benefits as Percent of Payroll		20.5%	20.2%	49.7%	25.8%	-64.2%	-32.5%	35.8%	23.2%
Payroll Applicable to Customer Account Services									
Total Payroll Charged to Customer Accounts Function									
Electric (page 354, line 7)		$ 8,227,618	$ 25,945,148	$ 9,475,692	$ 19,294,311	$ 6,944,688	$ 1,675,705	$ 20,006,926	$ 191,105,562
Gas (page 354, line 37)					$ 4,308,224				$ 35,191,779
Total Payroll Charged to Customer Accounts		$ 8,227,618	$ 25,945,148	$ 9,475,692	$ 23,602,535	$ 6,944,688	$ 1,675,705	$ 20,006,926	$ 226,297,341
Percent Applicable to Customer Accounts Services (903 and 905):									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 6,737,679	$ 44,969,347	$ 10,340,968	$ 2,890,828	$ 28,563,240	$ 406,513,413
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ -	$ 34,562,550	$ 129,987	$ 120,019	$ 990,261	$ 40,415,213
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 31,332,299	$ 32,253,336	$ 6,737,679	$ 79,531,897	$ 10,470,955	$ 3,010,847	$ 29,553,501	$ 446,928,626
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,576,254	$ 11,835,960	$ 4,267,657	$ 14,637,596	$ 7,847,777	$ 1,648,497	$ 2,430,838	$ 110,439,766
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 36,908,553	$ 44,089,296	$ 11,005,336	$ 94,169,493	$ 18,318,732	$ 4,659,344	$ 31,984,339	$ 557,368,392
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	73.2%	61.2%	84.5%	57.2%	64.6%	92.4%	80.2%
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 5,801,201	$ 19,933,785	$ 3,969,571	$ 1,082,833	$ 18,486,382	$ 180,306,864
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,429,385	$ 3,831,664	$ 2,882,751	$ 5,141,143	$ (2,549,675)	$ (352,049)	$ 6,625,261	$ 41,822,451
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services									
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 5,801,201	$ 19,933,785	$ 3,969,571	$ 1,082,833	$ 18,486,382	$ 180,306,864
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 534,319	$ 1,451,975	$ 443,792	$ 1,524,935	$ 303,672	$ 82,837	$ 1,414,208	$ 13,793,475

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VI - Need For Service Company Services

Analysis Of Services

The third aspect of this study was an assessment of whether the services that are provided to WV American by the Service Company would be necessary if WV American were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for WV American. Based on discussions with Service Company personnel, the matrix in Schedule 10 was created showing which entity—WV American or a Service Company location—is responsible for each of the functions WV American requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Schedule 12, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	WV AMERICAN	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		P				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	S		P		S		
Minor Projects (e.g., pipelines)	P		S				
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	P		S				
Developers Extensions	P		S				
Tank Painting	S		P				
Water Quality and Purification							
Water Quality Standards Development			S		P		S
Research Studies	S				P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Tracking and Chemical Testing	S		S				P
Sample Collection and Other Testing	P		S		S		S
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S	S				
Customer Credit		P	S				
Meter Reading	P		S			S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

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Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	WV AMERICAN	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings—Equity			P	S	S		
Financings--Long Term Debt & Preferred (A)			P	S	S		
Short Term Lines of Credit Arrangements (A)			S	S	S		
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	S		P				
O&M	S		P				
Depreciation and Interest Expense	S		P	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	S		P				
Capital Budget Preparation—Non-Project Work	S		P				
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	S		P				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections (A)	S		P				
Accounting and Taxes							
Accounts Payable Accounting	S		S	P			
Payroll Accounting	S		S	P			
Work Order Accounting	S		S	P			
Fixed Asset Accounting	S		S	P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S		S	P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

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Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	WV AMERICAN	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S				P		
Contract Administration	P				P		
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration			P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk				S		P	

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Governance Practices Associated With Service Company Charges

There are several ways by which WV American exercises control over Service Company services and charges. The most important of these are described below.

- **Company President Oversight** – The Company President of the state utility is responsible for the overall performance of the each operating company or district in the state. Through the Executive Vice President of the Western Division, each state utility President in the division has a significant voice in major business decisions of American Water and has the ability to monitor Service Company quality and spending.

- **Vice President Finance** – The VP Finance of the Western states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The VP Finance monitors the performance and reporting from the Service Company. The VP Finance attends monthly Business Plan Review sessions with the WV American President and finance group to review actual results and address forecast modifications for the remainder of the year. The VP Finance reports on the quarterly financial results and forecast updates to WV American's Board of Directors. The rates function reports to the VP Finance, who reviews and authorizes the filing of WV American rate cases and regularly monitors the status of cases. The operating subsidiary interacts with the VP Finance to discuss various issues.

- **Operating Company Board Oversight** – WV American's board of directors includes members of American Water's senior executive team and members of the Division management team. This helps ensure that WV American's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – WV American's President and the Executive VP sit on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. WV American's president is also on the local board.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's senior executive team, which includes the Executive VP. The Executive VP, with input from the Division management team (including the president of WV American), has the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Western Region Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. WV American's financial analyst has dialogue with regional office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The Western Region Finance unit prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting –** The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Regional" and "Corporate" Management Fees.

- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:

  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all WV American Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of WV American, VP Finance, and others participate as necessary (e.g. WV American operations managers and Rates Manager) and provide the data used in the monthly review schedules.

VII – Other Comparative Measures Of Reasonableness Of Service Company Charges

WV American's Service Company Cost Per Customer

During 2007, WV American was charged $55 per customer in O&M expenses by the Service Company. As shown in the table below, this calculation is based on net testable O&M, which eliminates certain O&M items for which WV American has not requested cost recovery.

	2007
Net Testable Service Company O&M Expenses	$ 9,224,272
WV American Customers (12/31/07)	168,060
WV American Cost Per Customer	$ 55

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

Twenty-three utility holding companies filed a Form 60 for 2007. All but two were included in the comparison group. The service company for PNM Resources, Inc. was excluded because its 2007 service company cost per regulated utility customer was clearly an anomaly as a negative number. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies did not provide numbers for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

Schedule 11 compares the services provided by American Water's Service Company to the services provided by comparison group service companies. In general, the types of services provided by American Water's Service Company are similar to those provided by comparison group service companies.

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (p. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (e.g., accounting, information technology) and type of cost (e.g., labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in American Water Service Company's 2007 charges to WV American:

- All electric- and gas-related services
- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411) and investment tax credit (account 411.5).
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430) and other interest expense (account 431)

Comparison group service company 2007 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

Schedule 12 shows WV American's 2007 Service Company cost per customer of $55 to be considerably lower than the average of $122 per customer for the comparison group service companies. Only 2 of 21 comparison group service companies had a lower 2007 cost per customer than WV American. These results further support the conclusion that the Service Company's 2007 charges to WV American were reasonable.

West Virginia American Water Company
Analysis of Service Company Services

	American Water	AEP	Allegheny	Alliant	Ameren	Black Hills	Dominion	Energy East	Entergy	E-On	Exelon	First Energy	Great Plains	National Grid	NiSource	Northeast	PHI	Progress	SCANA	Southern Co	Unitil	Xcel
Accounting	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X	X	X
Audit Services	X	X	X	X		X	X	X		X		X	X	X	X	X		X		X		X
Corporate Planning	X	X	X		X	X	X			X		X		X	X	X		X	X			X
Customer Service	X	X	X	X		X	X			X	X	X		X	X	X	X		X		X	X
Engineering	X	X		X										X	X	X				X	X	X
Environmental		X		X	X		X			X		X		X	X		X		X	X		
Executive	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
External Affairs	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Facilities Management				X							X	X		X					X			X
Finance	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Human Resources	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Information Technology	X	X	X	X	X	X	X		X	X	X	X		X	X		X	X	X	X	X	X
Investor Relations		X		X		X	X					X			X	X		X	X			X
Legal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Operations	X													X	X	X						
Regulatory Services	X	X	X	X	X	X	X	X		X	X	X		X	X	X		X	X		X	X
Risk Management	X	X	X			X	X			X		X		X	X							X
Security			X							X	X											
Service Co Overhead		X			X	X	X			X	X		X		X	X	X					
Shared Services	X	X			X	X	X			X	X			X	X	X		X				
Supply Chain	X	X	X	X	X		X			X	X	X		X	X		X		X	X		X
Transportation Services				X						X												X
Treasury	X		X		X		X			X		X		X	X	X		X				
	17	17	15	16	14	15	17	8	7	19	14	17	8	19	20	16	10	13	13	11	7	17

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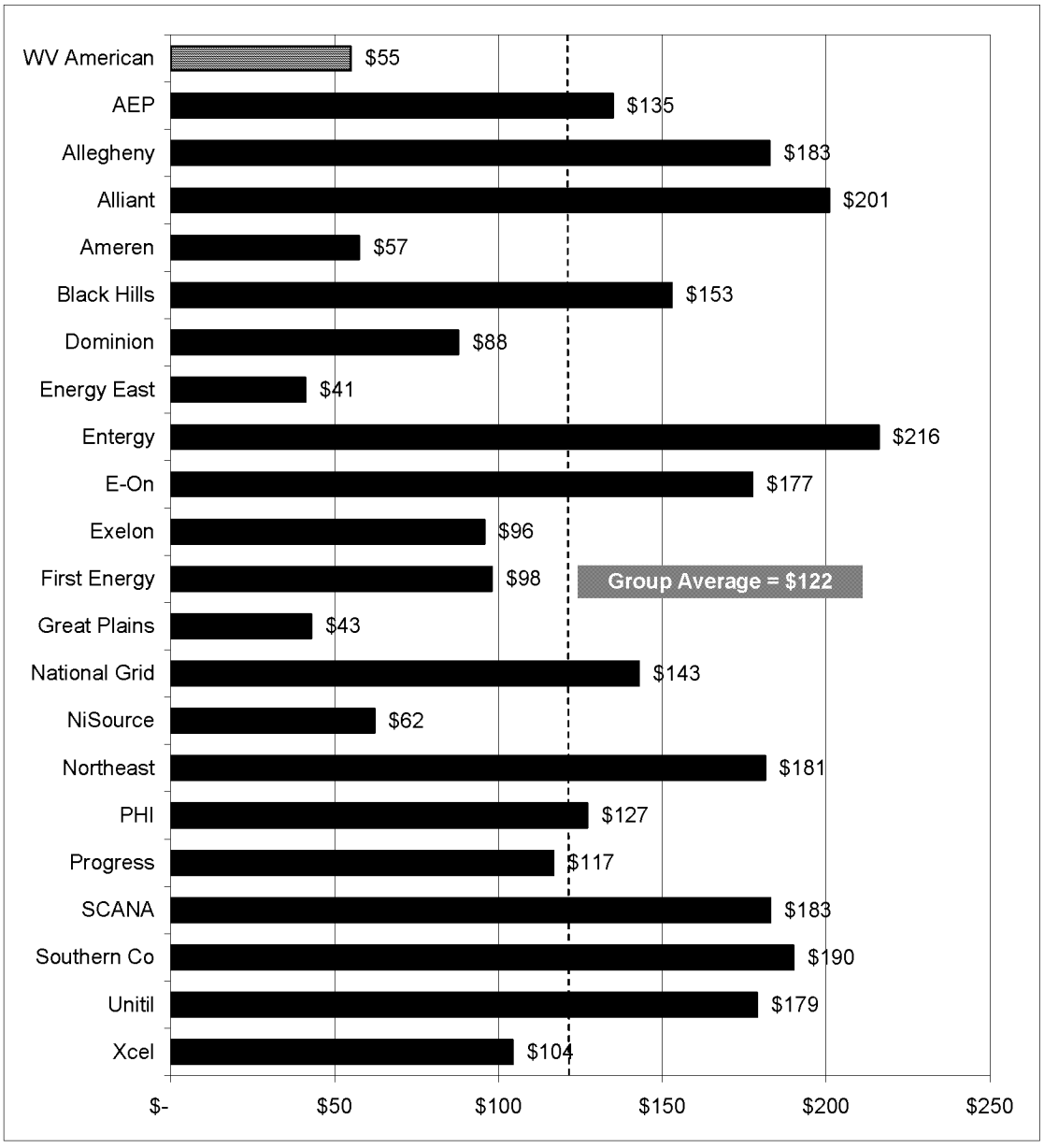
WV American
AEP
Allegheny
Alliant
Ameren
Black Hills
Dominion
Energy East
Entergy
E-On
Exelon
First Energy
Great Plains
National Grid
NiSource
Northeast
PHI
Progress
SCANA
Southern Co
Unitil
Xcel
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$41
$216
$177
$96
$98
$43
$143
$62
$181
$127
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$183
$190
$179
$104
Group Average = $122
$-
$50
$100
$150
$200
$250

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Case No. 08-0900-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T Tariff Filing to Increase
Rates and Charges

DIRECT TESTIMONY OF

PATRICK L. BARYENBRUCH

July __, 2008

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been

responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. PLEASE DESCRIBE THE REASON FOR YOUR TESTIMONY IN THIS CASE.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company ("Service Company") during 2007 to West Virginia-American Water Company (WV American). This study was

undertaken in conjunction with WV American's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

Q. WHAT WERE THE OBJECTIVES OF YOUR STUDY?

A. This study was undertaken to answer four questions, the first three of which were the focus of the study I sponsored in WV American's last general rate case in West Virginia, Case No. 07-0998-W-42T. First, was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during 2007? Second, were the 2007 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services WV American receives from the Service Company necessary to WV American's provision of service to its customers?

In Case No. 07-0998-W-42T, my study was criticized by a witness retained by the Consumer Advocate Division, Mr. Peterson, on the ground that it failed to address the reasonableness of the Service Company's charges to WV American. In Mr. Peterson's words, "The question that should have been explored is this: Were the Service Company's charges during the test year reasonable?" It remains my view that answers to the first three questions above demonstrate that this is, in fact, the case. Nevertheless, I have in this study also analyzed this ultimate question with

additional data.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 1, WHETHER WV AMERICAN WAS CHARGED THE LOWER OF COST OR MARKET SERVICES PROVIDED BY THE SERVICE COMPANY?

A. I was able to draw the following conclusions:

(1) WV American was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2007.

(2) On average, the hourly rates for outside service providers are 44% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, then WV American would have to add at least one position to manage activities of outside firms in order to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided

by the Service Company had been out-sourced during the 12-months ended December 31, 2007, then WV American and its ratepayers would have incurred an **additional $3.3 million** in expenses. This amount includes the higher cost of outside providers and the cost of a WV American position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 hours per day, even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, then the Service Company would have had an even greater annual dollar advantage than the $3.3 million cited above.

(6) It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup.

Only the Service Company's actual cost of service is being recovered from WV American ratepayers.

Q. WHAT IS YOUR CONCLUSION REGARDING THE REASONABLENESS OF THE COSTS OF THE NATIONAL CALL CENTER THAT PROVIDES SERVICE TO WV AMERICAN?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the neighboring electric utility comparison group average cost per customer. As explained in the study, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of WV American. During the 12 months ended December 31, 2007, the customer accounts cost for WV American customers was $33.31, compared to the 2007 average of $31.27 for neighboring electric utilities. The highest comparison group per customer cost was $70.37 and the lowest $13.71.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING THE NECESSITY OF THE SERVICES WV AMERICAN RECEIVES FROM THE SERVICE COMPANY?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to WV American.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 4, WHETHER THE SERVICE COMPANY CHARGES TO WV AMERICAN DURING 2007 WERE REASONABLE?

A. I was able to draw the following, additional conclusions about the reasonableness of those charges:

(1) American Water's Service Company provides WV American with services similar to those provided by other utility service companies. This was determined based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

(2) American Water's 2007 cost per WV American customer was reasonable compared to cost per customer for electric and combination electric/gas service companies. During 2007, WV American was charged

an average of $55 per customer by the Service Company compared to an average of $122 per customer for service companies reporting to the FERC.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

Market Cost Comparison of Service Company Charges to West Virginia American Water Company

12-Months Ended December 31, 2009

Baryenbruch & Company, LLC

West Virginia American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2009

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I – Introduction

Purpose of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. (Service Company) to West Virginia American Water Company (WV American):

1. Were the Service Company's charges to WV American during the 12 months ended December 31, 2009 reasonable?

2. Was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended December 31, 2009?

3. Were the 12 months ended December 31, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services WV American receives from Service Company necessary?

Study Results

Concerning question 1, the following conclusion was reached:

- The Service Company's 12 months ended December 31, 2009 cost per WV American customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended December 31, 2009, WV American was charged $54 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). Only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than WV American's charges from the Service Company.

Concerning question 2, the following conclusions were drawn from this study:

- WV American was charged the lower of cost or market for managerial and professional services during the 12 months ended December 31, 2009.

- On average, the hourly rates for outside service providers are 48% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, WV American would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended December 31, 2009, WV American and its ratepayers would have incurred more than $4,100,000 in additional expenses. This amount includes the higher cost of outside providers and the cost of one WV American position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $4,100,000 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have added more than $200,000 in charges from outside providers.

- It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from WV American ratepayers.

Concerning question 3, the following conclusion was reached:

- The cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and WV American. During the 12-months ended December 31, 2009, the customer accounts cost for WV American customers was $29.15 compared to the 2008 average of $32.23 for neighboring electric utilities. The highest comparison group per customer cost was $72.58 and the lowest $15.58.

Concerning question 4, the following conclusions were drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- Furthermore, there is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Exhibit 11, there was only one entity primarily responsible for the service.

II – Background

Overview of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding their own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like WV American, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers. One in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of WV American, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering, operations and field resource coordination.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial

services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company
- Formula number
- Work order (where applicable)
- Authorization number (where applicable)

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

II – Background

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Formula number (this is linked to operating company within American Water's financial system)
- Employee hours worked
- Account number for non-labor charges

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times his/her hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Southeast Region's professional labor is assigned to WV American during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Southeast Region's accumulated professional and support labor is charged to WV American during the month, then 20% of that month's overhead expenses will be assigned to WV American.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to WV American, then 2% of that office's office expenses would be assigned to WV American. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended December 31, 2009, the Service Company billed WV American $10,565,539 in O&M-related charges and $803,376 in capital-related charges. These total charges of $11,368,915 were subjected to a market cost comparison.

Service Company Charges	12 Months Ended December 31, 2009
Management Fees - O&M	$ 10,565,539
Management Fees - Capital	$ 803,376
Total Testable SC Charges	**$ 11,368,915**

For purposes of comparing these charges to certain outside benchmarks, Service Company services were placed into three categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology and engineering.
- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.
- Field Resource Coordination Services – Includes the dispatching and oversight of work to operating company field crews.

Total test period Service Company charges break down between management/professional services, customer account services and field resource coordination as follows:

	12 Months Ended Dec. 31, 2009	
	Amount	Hours
Management and Professional Services	$ 8,433,389	77,663
Customer Account Services	$ 2,592,450	68,701
Field Resource Coordination	$ 343,076	7,906
Total Service Company Charges	**$ 11,368,915**	**154,270**

This study's first question—whether Service Company 12 months ended December 31, 2009 charges were reasonable—was determined by comparing WV American's A&G-related Service Company charges per customer to the same charges for utility companies that must file the FERC Form 60 – Annual Report of Service Companies.

The second question—whether Service Company charges during the 12 months ended December 31, 2009 were at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to WV American during the 12 months ended December 31, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

III – Service Company Cost Comparison Approach

The third question—whether Service Company's 12 months ended December 31, 2009 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing WV American's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The fourth question—the necessity of Service Company services—was investigated by defining the services provided to WV American and determining if these services would be required if WV American were a stand-alone utility.

WV American's Service Company Cost per Customer

During the 12 months ended December 31, 2009, WV American was charged $54 per customer by the Service Company for A&G/O&M-related services. The calculation of this amount, shown in the table below, starts with total net testable Service Company charges and adjusts for capital and non-A&G functions (engineering, operations and water quality) charges. These adjustments are necessary to develop a per customer cost that is comparable to cost of utility service companies.

	12 Months ended Dec 31, 2009 Svc. Co. Charges
Testable Service Company charges	$ 11,368,915
Less: Capital charges	$ (803,376)
Less: Non-A&G function O&M charges	
Engineering	$ (17,086)
Operations	$ (989,038)
Water Quality	$ (326,125)
Net A&G/O&M-related charges	$ 9,233,290
WV American customers	172,006
WV American Cost Per Customer	**$ 54**

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

For 2008, a Form 60 was filed by 24 utility service companies, all of which serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to those of American Water Works Service Company, it was necessary to isolate expenses that that they have in common. These include A&G/O&M-related charges associated with the following FERC accounts:

901 – Supervision	921 – Office supplies and expenses
903 – Customer records and collection expenses	923 – Outside services employed
905 – Miscellaneous customer accounts expenses	926 – Employee pensions and benefits
907 – Supervision	928 – Regulatory commission expenses
910 – Misc customer service and info expenses	930.2 – Miscellaneous general expenses
911 – Supervision	931 – Rents
920 - Administrative and general salaries	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

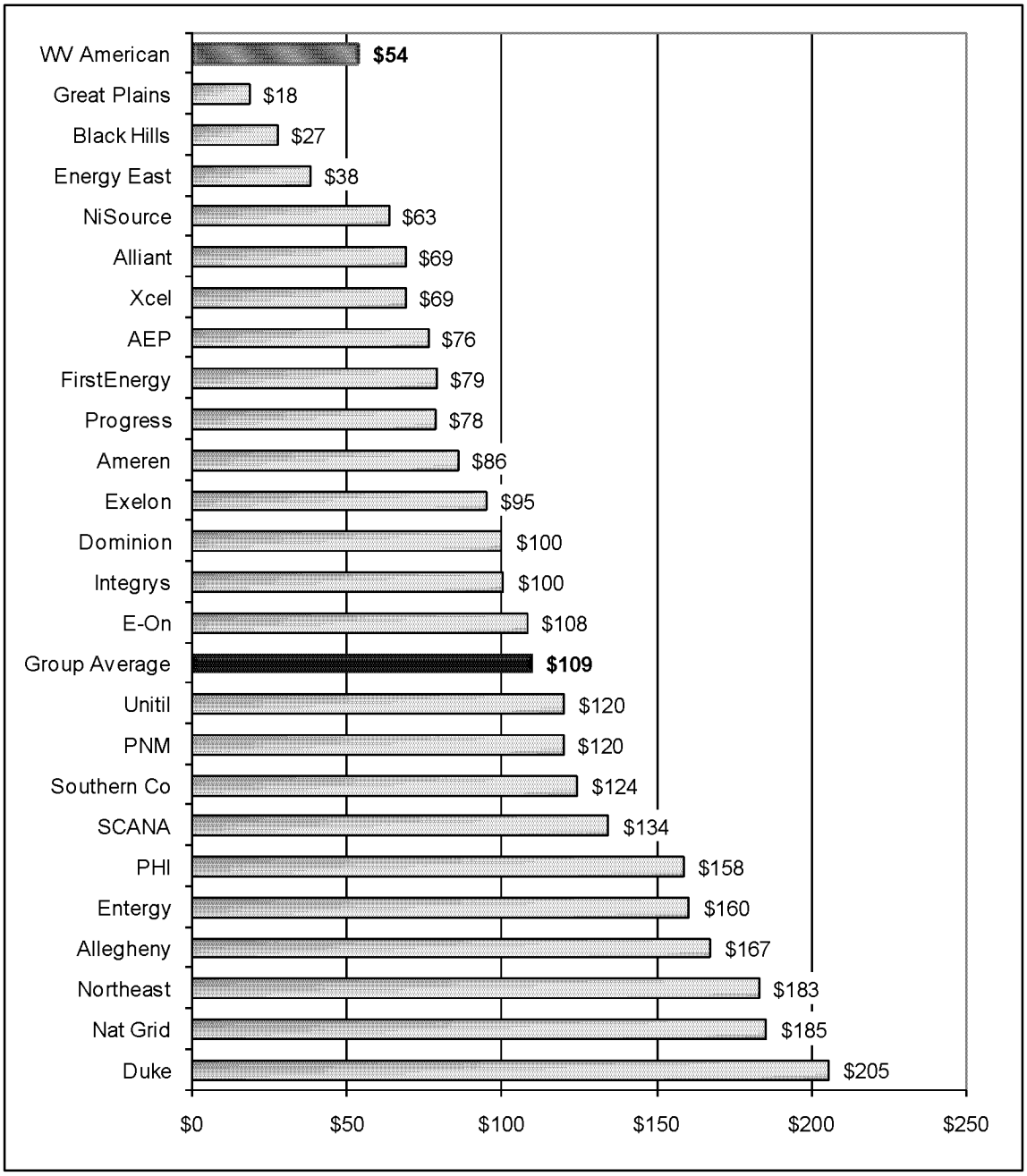
Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

IV – Question 1 – Reasonableness of Service Company Charges

A&G expenses per regulated utility customer for the 24 utility companies that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$396,340,118	5,213,000	$ 76
Allegheny	$263,588,707	1,577,873	$ 167
Alliant	$205,754,832	3,000,000	$ 69
Ameren	$291,684,710	3,400,000	$ 86
Black Hills	$20,763,828	759,400	$ 27
Dominion	$357,718,046	3,588,500	$ 100
Duke	$923,936,645	4,500,000	$ 205
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$432,575,683	2,700,000	$ 160
E-On	$136,276,177	1,263,000	$ 108
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$354,028,109	4,499,000	$ 79
Great Plains	$15,000,708	820,000	$ 18
Integrys	$216,364,166	2,157,000	$ 100
Nat Grid	$1,240,706,398	6,700,000	$ 185
NiSource	$237,380,009	3,750,000	$ 63
Northeast	$302,138,730	1,654,000	$ 183
PHI	$302,463,412	1,910,000	$ 158
Progress	$242,677,256	3,100,000	$ 78
PNM	$102,688,385	859,000	$ 120
SCANA	$191,207,825	1,424,300	$ 134
Southern Co	$546,498,605	4,402,000	$ 124
Unitil	$20,341,422	169,600	$ 120
Xcel	$367,626,617	5,345,000	$ 69
Group Total	**$7,840,162,191**	**71,666,473**	**$ 109**

Exhibit 1 shows WV American's 12 months ended December 31, 2009 Service Company cost per customer of $54 to be considerably lower than the average of $109 per customer for the comparison group service companies. Only 3 of 24 comparison group service companies had a lower cost per customer than WV American. Based on this result, it is possible to conclude that the Service Company's 12 months ended December 31, 2009 charges to WV American were reasonable.


WV American
$54
Great Plains
$18
Black Hills
$27
Energy East
$38
NiSource
$63
Alliant
$69
Xcel
$69
AEP
$76
FirstEnergy
$79
Progress
$78
Ameren
$86
Exelon
$95
Dominion
$100
Integrys
$100
E-On
$108
Group Average
$109
Unitil
$120
PNM
$120
Southern Co
$124
SCANA
$134
PHI
$158
Entergy
$160
Allegheny
$167
Northeast
$183
Nat Grid
$185
Duke
$205
$0
$50
$100
$150
$200
$250

V – Question 2 – Provision of Services at the Lower of Cost or Market

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to WV American during the 12 months ended December 31, 2009. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged WV American during the 12 months ended December 31, 2009, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Exhibit 2 (page 14) details the assignment of 12 months ended December 31, 2009 management and professional Service Company charges by outsider provider category. Exhibit 3 (page 15) shows the same assignment for Service Company management and professional hours charged to WV American during the 12 months ended December 31, 2009.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 12 months ended December 31, 2009 test period non-labor Service Company charges:

V – Question 2 – Provision of Services at the Lower of Cost or Market

- Contract Services – 12 months ended December 31, 2009 Service Company charges to WV American include expenses associated with the use of outside professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Information Technology Infrastructure Expenses – Included in the 12 months ended December 31, 2009 Service Company charges to WV American are leases, maintenance fees and depreciation related to American Water's enterprise mainframe, server and network infrastructure and corporate business applications. An outside provider that would take over operation of this infrastructure would recover these expenses over and above the labor necessary to operate the data center.

Exhibit 4 (page 16) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Exhibits 2 and 3 and the excludable items shown in Exhibit 4, the Service Company's equivalent costs per hour for the 12 months ended December 31, 2009 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 368,301	$ 2,223,797	$ 4,849,695	$ 991,596	$ 8,433,389
Less:					
Contract services	$ 29,441	$ 160,875	$ 580,482	$ (10,241)	$ 760,557
Travel expenses	$ 4,710	$ 78,075	$ 64,442	$ 37,016	$ 184,244
Computer hardware/software	$ 8,155	$ 342,854	$ 338,007	$ 55,363	$ 744,379
Net Service Charges (A)	$ 325,994	$ 1,641,993	$ 3,866,763	$ 909,459	$ 6,744,209
Total Hours (B)	2,472	13,138	48,051	14,002	77,663
Average Hourly Rate (A / B)	**$ 132**	**$ 125**	**$ 80**	**$ 65**	

West Virginia American Water Company
Analysis of 12 Months Ended December 31, 2009 Service Company Charges By Location And Function

Location	Function	12 Months Ended December 31, 2009 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 286,438	$ 286,438
Call Center	Human Resources		$ 56,346			$ 56,346
Corporate	Accounting			$ 601,315		$ 601,315
	Administration		$ 643,396			$ 643,396
	Audit			$ 90,568		$ 90,568
	Communications		$ 141,349			$ 141,349
	Engineering			$ 567,989		$ 567,989
	Finance		$ 454,250			$ 454,250
	Human Resources			$ 75,359		$ 75,359
	Legal	$ 155,752				$ 155,752
	Operations		$ 235,939		$ 571,035	$ 806,974
	Rates & Revenue			$ 105,565		$ 105,565
	Risk Management		$ 61,121			$ 61,121
	Water Quality				$ 4,429	$ 4,429
Regional Offices	Accounting			$ 37,592		$ 37,592
	Administration		$ 195,167			$ 195,167
	Communications		$ 211,432			$ 211,432
	Engineering				$ 17,543	$ 17,543
	Finance			$ 562,322		$ 562,322
	Human Resources		$ 12,891			$ 12,891
	Legal	$ 212,549				$ 212,549
	Operations		$ 35,880		$ 110,425	$ 146,305
	Risk Management		$ 47,773			$ 47,773
	Water Quality				$ 1,726	$ 1,726
Information Technology	Information Technology			$ 2,134,009		$ 2,134,009
Shared Services	Accounting			$ 600,643		$ 600,643
	Administration		$ 128,254			$ 128,254
	Finance			$ 4,675		$ 4,675
	Rates & Revenue			$ 69,656		$ 69,656
Total Dollars Charged		**$ 368,301**	**$ 2,223,797**	**$ 4,849,695**	**$ 991,596**	**$ 8,433,389**

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West Virginia American Water Company
Analysis of 12 Months Ended December 31, 2009Service Company Hours By Location And Function

Location	Function	12 Months Ended December 31, 2009 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				3,832	3,832
Call Center	Human Resources		717			717
Corporate	Accounting			6,954		6,954
	Administration		1,715			1,715
	Audit			842		842
	Communications		648			648
	Engineering			4,549		4,549
	Finance		3,790			3,790
	Human Resources			677		677
	Legal	681				681
	Operations		814		9,435	10,248
	Rates & Revenue			731		731
	Risk Management		654			654
	Water Quality				-	-
Regional Offices	Accounting			458		458
	Administration		-			-
	Communications		3,233			3,233
	Engineering				0	0
	Finance			5,411		5,411
	Human Resources		70			70
	Legal	1,791				1,791
	Operations		6		729	735
	Risk Management		759			759
	Water Quality				6	6
Information Technology	Information Technology			14,903		14,903
Shared Services	Accounting			12,726		12,726
	Administration		732			732
	Finance			-		-
	Rates & Revenue			800		800
Total Hours Charged		**2,472**	**13,138**	**48,051**	**14,002**	**77,663**

West Virginia American Water Company
12 Months Ended December 31, 2009 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total	Outside Service Provider Category
Accounting	$ 145,333	$ 8,035	$ 7,744	$ 161,112	Certified Public Accountant
Administration	$ 47,310	$ 11,712	$ 317,077	$ 376,099	Management Consultant
Audit	$ 13,956	$ 1,825	$ 865	$ 16,646	Certified Public Accountant
Communications	$ 26,592	$ 12,984	$ 2,640	$ 42,215	Management Consultant
Engineering		$ 432	$ 260	$ 691	Professional Engineer
Finance	$ 153,160	$ 22,573	$ 16,016	$ 191,749	Certified Public Accountant
Human Resources	$ 80,714	$ 18,310	$ 11,026	$ 110,050	Management Consultant
Information Technology	$ 251,777	$ 26,133	$ 311,713	$ 589,623	Certified Public Accountant
Legal	$ 29,441	$ 4,710	$ 8,155	$ 42,307	Attorney
Operations	$ 14,815	$ 53,276	$ 30,356	$ 98,447	Management Consultant, Professional Engineer
Rates & Revenue	$ 16,257	$ 5,876	$ 1,669	$ 23,801	Certified Public Accountant
Risk Management	$ 1,057	$ 17,526	$ 1,784	$ 20,366	Management Consultant
Water Quality	$ (19,853)	$ 852	$ 35,075	$ 16,073	Professional Engineer
Total	**$ 760,557**	**$ 184,244**	**$ 744,379**	**$ 1,689,180**	

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 29,441	$ 4,710	$ 8,155	$ 42,307
Management Consultant	$ 160,875	$ 78,075	$ 342,854	$ 581,804
Certified Public Accountant	$ 580,482	$ 64,442	$ 338,007	$ 982,932
Professional Engineer	$ (10,241)	$ 37,016	$ 55,363	$ 82,137
Total	**$ 760,557**	**$ 184,244**	**$ 744,379**	**$ 1,689,180**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among West Virginia certified public accounting firms, only more experienced staff are predominantly CPAs (see table below). Some Service Company employees also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

Position	WVa Average
Partners/Owners	98%
Directors (11+ years experience)	81%
Managers (6-10 years experience)	66%
Sr Associates (4-5 years experience)	44%
Associates (1-3 years experience)	16%
New Professionals	7%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The West Virginia State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for West Virginia attorneys. Therefore, an estimate of West Virginia attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 5, the average rate for each firm was adjusted for the cost of living differential between its location and Charleston, West Virginia. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2009—the midpoint of the test year ended December 31, 2009.

Management Consultants

The cost per hour for management consultants was developed from a 2009 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2008 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. The 2008 average rate was escalated to June 30, 2009—the midpoint of the 12 months ended December 31, 2009.

Certified Public Accountants

The average hourly rate for West Virginia CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The West Virginia version of this survey was used to develop hourly rates for member firms in West Virginia.

As shown in Exhibit 7, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to June 30, 2009—the test year's midpoint.

Professional Engineers

The Company provided hourly rate information for outside engineering firms that could have been used by WV American in 2009. As presented in Exhibit 8, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

West Virginia American Water Company
Estimated Billing Rates For West Virginia Attorneys Based On Michigan and Massachusetts Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)								Cost of	
		Number	Billing Rate Range					Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	98%	$ 315
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	98%	$ 369
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	98%	$ 341
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	98%	$ 267
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	112%	$ 249
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	145%	$ 140
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	112%	$ 266
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	129%	$ 171
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	98%	$ 375
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	161%	$ 173
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	161%	$ 128
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	112%	$ 204
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	161%	$ 179
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	111%	$ 239
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	170%	$ 208
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	170%	$ 278
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	170%	$ 207
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	134%	$ 240
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	134%	$ 204
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	170%	$ 193
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	170%	$ 175
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	170%	$ 210
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	170%	$ 283
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	170%	$ 143
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	170%	$ 177
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	159%	$ 182
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	170%	$ 169
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	170%	$ 180
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	170%	$ 146
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	135%	$ 148
							Overall Average 2007 Billing Rate		$ 219

Escalation to Test Period Midpoint (June 30, 2009) (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2009	215.7
Inflation/Escalation	2.7%
Average Hourly Billing Rate For Attorneys At June 30, 2009	**$ 225**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Charleston, West Virginia. A number over 100 indicates the Michigan or Massachusetts city's cost of living is higher than Charleston. A number less than 100 % indicates Charleston's cost of living is higher.

West Virginia American Water Company
Billing Rates of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Escalation to Test Period Midpoint (June 30, 2009) (Note B)

CPI at December 31, 2008	210.2
CPI at June 30, 2009	215.7
Inflation/Escalation	2.6%
Average Hourly Billing Rate For Management Consultants At June 30, 2009	**$ 230**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

West Virginia American Water Company
Estimated Billing Rates Of West Virginia Certified Public Accountants

Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 73	$ 105	$ 134	$ 168

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 73	$ 105	$ 134	$ 168	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 22	$ 32	$ 27	$ 34	**$ 114**

Escalation to Test Period Midpoint (June 30, 2009) (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2009	215.7
Inflation/Escalation	2.7%
Average Hourly Billing Rate For CPAs At June 30, 2009	**$ 117**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (West Virginia edition)

Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.t

West Virginia American Water Company
Estimated Billing Rates Of West Virginia Engineers

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
	Technician	Engineer Design Engineer	Project Manager	Officer
Name of Firm	Senior Technician	Project Engineer	Sr. Mgr. Engineer	Principal Engineer
Firm #1	$65	$107	$167	$209
Firm #2	$70	$96	$130	$155
Firm #3	$77	$118	$183	$195
Firm #4	$79	$114	$176	$221
Firm #5	$50	$72	$132	$171
Firm #6	$62	$92	$158	$208
Firm #7	$74	$96	$123	$163
Firm #8	$59	$93	$148	$190
Firm #9	$72	$97	$149	$179
Firm #10	$75	$103	$143	$200
Firm #11	$55	$107	$166	$200
Firm #12	$80	$114	$176	$210
Firm #13	$63	$74	$127	$165
Firm #14	$83	$98	$165	$250
Firm #15	$75	$113	$193	$225
Firm #16	$87	$90	$141	$182
Firm #17	$70	$92	$144	$199
Firm #18	$55	$77	$95	na

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Technician	Engineer Design Engineer	Project Manager	Officer	
	Senior Technician	Project Engineer	Sr. Mgr. Engineer	Principal Engineer	
Average Hourly Billing Rate (From Above)	$69	$97	$151	$195	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$21	$34	$38	$20	**$112**

Source: Information provided by American Water Works Service Company

V – Question 2 – Provision of Services at the Lower of Cost or Market

Service Company versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2009		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 132	$ 225	$ (93)
Management Consultant	$ 125	$ 230	$ (105)
Certified Public Accountant	$ 80	$ 117	$ (36)
Professional Engineer	$ 65	$ 112	$ (47)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to WV American during the 12-months ended December 31, 2009, outside service providers would have cost $4,019,121 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are 48% higher than those of the Service Company ($4,019,121 / $8,433,389).

	12 Months Ended December 31, 2009		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (93)	2,472	$ (228,950)
Management Consultant	$ (105)	13,138	$ (1,384,160)
Certified Public Accountant	$ (36)	48,051	$ (1,745,758)
Professional Engineer	$ (47)	14,002	$ (660,253)
Service Company Less Than Outside Providers			$ (4,019,121)

It should be noted that the cost differential associated with using outside providers is even greater because Service Company personnel do not charge for more than 8 hours per day even when they work more. Outside providers generally charge clients for all hours worked. If, for instance, Service Company personnel worked 5% overtime (2 hours) per week on WV American's behalf, that would have amounted to over 3,800 additional hours of work during the 12 months ended December 31, 2009. Based on the hourly rate differentials above, this overtime would have added another $200,000 to the cost of using outside provider.

If WV American were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform approximately 77,600 hours of work (more than 51 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing WV American management team. Thus, it would be necessary for WV American to add at least one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add almost $165,000 per year to WV American's personnel expenses.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Cost of Adding a Professional Position To WVA's S		
		Total
New Positions' Salary	$	100,000
Benefits (at 49.4%)	$	49,400
Office Expenses (15.2%)	$	15,200
Total Cost of Full Time Position	$	164,600

Thus, the total effect on the ratepayers of WV American of contracting all services now provided by Service Company would be an increase in their costs of $4,183,721 ($4,019,121 + $164,600). Based on the results of this comparison, it is possible to conclude that the Service Company charged WV American at the lower of cost or market for services provided during the 12 months ended December 31, 2009.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Background

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of the Service Company's customer accounts services-related charges to WV American with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, WV American's charges from the Service Company for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 9 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 show amounts for accounts 903 and 905.

West Virginia	• Appalachian Power • Monongahela Power	• Wheeling Power
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
Ohio	• Cleveland Elect Illuminating • Columbus Southern Electric • Dayton Power & Light • Duke Energy Ohio	• Ohio Edison • Ohio Power • Toledo Edison
Virginia	• Appalachian Power	• Virginia Electric Power
Pennsylvania	• Duquesne Light • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric

Virginia-American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

West Virginia American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

WV American Cost per Customer

As calculated below, WV American's 12 months ended December 31, 2009 customer account services expense per customer was $29.15. The cost pool used to calculate this average includes charges for Service Company services (e.g., call center, billing, payment processing) and postage and forms expenses, which are incurred directly by WV American. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.32 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level.

West Virginia American Water Company

	Cost Component	Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 2,592,450	$ 1,035,507	$ 3,627,957	
Service Company	Customer payment processing			$ 251,817	Note B
Operating Company	Postage & forms			$ 1,134,869	
			Cost Pool Total	$ 5,014,643	
			Total Customers	172,006	
	12 Months Ended December 31, 2009 Cost Per WV American Customer			**$ 29.15**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year Call Handling charges		$ 1,154,220
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.32	
Percent different	90%	90%
Total Adjustment B		$ 1,035,507

Note B: Estimated customer payment processing expenses

Number of customers	172,006
Number of payments/customer/year	12.0
Total payments processed/year	2,064,072
Bank charge per item	$ 0.1220
Total estimated annual expense	$ 251,817

Electric Utility Group Cost per Customer

Exhibit 10 shows the actual 2008 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data was taken from the utilities' FERC Form 1.

VI - Question 3 - Reasonableness of Customer Accounts Services Costs

Summary of Results

As shown in the table below, WV American's cost per customer is below the average cost of the neighboring electric utility comparison group. It can therefore be concluded that WV American's 12 months ended December 31, 2009 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to WV American were comparable to those of other utilities.

Average Customer Accounts Expense Per Customer		
Monongahela Power	$	15.58
Pennsylvania Electric	$	15.59
Pennsylvania Power	$	16.65
Duquesne Light	$	16.83
Cleveland Electric Illuminating	$	17.46
Virginia Electric Power	$	17.53
Ohio Edison	$	18.26
Louisville Gas & Electric	$	20.40
Toledo Edison	$	22.17
Dayton Power & Light	$	26.91
Wheeling Power	$	27.15
West Virginia American Water	**$**	**29.15**
PPL Electric	$	29.30
Ohio Power	$	31.46
Comparison Group Average	**$**	**32.23**
Appalachian Power	$	32.70
Baltimore Gas & Electric	$	33.24
Duke Energy Kentucky	$	34.65
Columbus Southern Power	$	35.34
Kentucky Utilities	$	35.77
Kentucky Power	$	36.03
Duke Energy Ohio	$	36.68
PECO Energy	$	60.99
Potomac Electric	$	69.99
Delmarva Power & Light	$	72.58

West Virginia American Water Company
Comparison Group 2009 Actual Customer Accounts Expense Per Customer

		West Virginia			Kentucky			
		Appalachian Power	Monongahela Power	Wheeling Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 28,380,733	$ 4,787,060	$ 988,941	$ 3,864,114	$ 5,769,938	$ 14,908,295	$ 5,312,623
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 40,577	$ -	$ 2,002	$ -	$ 11,053	$ 381,731	$ 376,263
Subtotal		$ 28,421,310	$ 4,787,060	$ 990,943	$ 3,864,114	$ 5,780,991	$ 15,290,026	$ 5,688,886
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	Note A	$ 2,437,214	$ 932,359	$ 109,417	$ 574,673	$ 425,941	$ 3,498,704	$ 1,963,008
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 529,463	$ 258,173	$ 18,966	$ 232,521	$ 97,581	$ 547,833	$ 322,726
Total Cost Pool		**$ 31,387,987**	**$ 5,977,591**	**$ 1,119,326**	**$ 4,671,308**	**$ 6,304,513**	**$ 19,336,564**	**$ 7,974,620**
Total Customers (page 304, line 43)		959,814	383,621	41,225	134,819	174,994	540,618	390,825
Customer Account Services Expense per Customer		**$ 32.70**	**$ 15.58**	**$ 27.15**	**$ 34.65**	**$ 36.03**	**$ 35.77**	**$ 20.40**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 38,645,990	$ 19,760,966	$ 763,622	$ 6,660,396	$ 7,869,045	$ 38,828,205	$ 37,681,044
Total O&M Payroll (page 355, line 65)		$109,744,984	$ 71,527,705	$ 1,730,215	$ 35,227,412	$ 23,565,539	$ 79,474,397	$ 80,979,200
Benefits as Percent of Payroll		35.2%	27.6%	44.1%	18.9%	33.4%	48.9%	46.5%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 7,978,348	$ 5,717,636	$ 334,934	$ 2,598,192	$ 1,433,061	$ 8,670,255	$ 3,198,589
Gas (page 354, line 37)		$ -	$ -	$ -	$ 1,383,512	$ -	$ -	$ 2,615,816
Total Payroll Charged to Customer Accounts		$ 7,978,348	$ 5,717,636	$ 334,934	$ 3,981,704	$ 1,433,061	$ 8,670,255	$ 5,814,405
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 28,380,733	$ 4,787,060	$ 988,941	$ 3,864,114	$ 5,769,938	$ 14,908,295	$ 5,312,623
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 40,577	$ -	$ 2,002	$ -	$ 11,053	$ 3,980,247	$ 376,263
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 28,421,310	$ 4,787,060	$ 990,943	$ 3,864,114	$ 5,780,991	$ 18,888,542	$ 5,688,886
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,341,650	$ 3,323,228	$ 347,807	$ 1,197,835	$ 713,762	$ 3,980,247	$ 2,151,907
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 32,762,960	$ 8,110,288	$ 1,338,750	$ 5,061,949	$ 6,494,753	$ 22,868,789	$ 7,840,793
Percent Applicable to Customer Accounts Services (903 and 905)		86.7%	59.0%	74.0%	76.3%	89.0%	82.6%	72.6%
Customer Account Services Portion of Total Payroll		$ 6,921,081	$ 3,374,808	$ 247,918	$ 3,039,493	$ 1,275,570	$ 7,161,222	$ 4,218,641
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,437,214	$ 932,359	$ 109,417	$ 574,673	$ 425,941	$ 3,498,704	$ 1,963,008
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 6,921,081	$ 3,374,808	$ 247,918	$ 3,039,493	$ 1,275,570	$ 7,161,222	$ 4,218,641
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 529,463	$ 258,173	$ 18,966	$ 232,521	$ 97,581	$ 547,833	$ 322,726

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West Virginia American Water Company
Comparison Group 2009 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Duke Energy - Ohio	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 11,078,571	$ 23,995,865	$ 12,152,249	$ 20,628,013	$ 16,095,079	$ 20,376,821	$ 5,301,394
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 513,885	$ 38,965	$ -	$ 364	$ 569,733	$ 32,797	$ 288,638
Subtotal		$ 11,592,456	$ 24,034,830	$ 12,152,249	$ 20,628,377	$ 16,664,812	$ 20,409,618	$ 5,590,032
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	Note A	$ 1,338,033	$ 2,040,686	$ 1,305,444	$ 3,200,139	$ 1,869,806	$ 1,561,681	$ 1,160,684
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 232,453	$ 399,278	$ 390,992	$ 1,245,096	$ 415,891	$ 368,482	$ 137,768
Total Cost Pool		**$ 13,162,942**	**$ 26,474,795**	**$ 13,848,685**	**$ 25,073,613**	**$ 18,950,508**	**$ 22,339,781**	**$ 6,888,484**
Total Customers (page 304, line 43)		753,865	749,192	514,569	683,606	1,037,998	710,161	310,725
Customer Account Services Expense per Customer		**$ 17.46**	**$ 35.34**	**$ 26.91**	**$ 36.68**	**$ 18.26**	**$ 31.46**	**$ 22.17**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 14,864,080	$ 21,317,346	$ 24,263,807	$ 38,841,720	$ 15,371,043	$ 39,643,136	$ 10,357,452
Total O&M Payroll (page 355, line 65)		$ 33,755,585	$ 54,521,915	$ 94,996,325	$197,547,298	$ 44,691,456	$122,272,893	$ 16,070,418
Benefits as Percent of Payroll		44.0%	39.1%	25.5%	19.7%	34.4%	32.4%	64.5%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 4,223,978	$ 6,135,731	$ 6,704,811	$ 14,202,894	$ 7,920,312	$ 5,978,707	$ 2,506,750
Gas (page 354, line 37)		$ -	$ -	$ -	$ 6,628,577	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 4,223,978	$ 6,135,731	$ 6,704,811	$ 20,831,471	$ 7,920,312	$ 5,978,707	$ 2,506,750
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 11,078,571	$ 23,995,865	$ 12,152,249	$ 20,628,013	$ 16,095,079	$ 20,376,821	$ 5,301,394
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 513,885	$ 38,965	$ -	$ 364	$ 569,733	$ 32,797	$ 288,638
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 11,592,456	$ 24,034,830	$ 12,152,249	$ 20,628,377	$ 16,664,812	$ 20,409,618	$ 5,590,032
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,522,260	$ 4,220,027	$ 3,789,539	$ 5,774,026	$ 7,613,869	$ 4,923,442	$ 2,191,001
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 16,114,716	$ 28,254,857	$ 15,941,788	$ 26,402,403	$ 24,278,681	$ 25,333,060	$ 7,781,033
Percent Applicable to Customer Accounts Services (903 and 905)		71.9%	85.1%	76.2%	78.1%	68.6%	80.6%	71.8%
Customer Account Services Portion of Total Payroll		$ 3,038,606	$ 5,219,324	$ 5,111,003	$ 16,275,770	$ 5,436,478	$ 4,816,754	$ 1,800,894
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,338,033	$ 2,040,686	$ 1,305,444	$ 3,200,139	$ 1,869,806	$ 1,561,681	$ 1,160,684
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,038,606	$ 5,219,324	$ 5,111,003	$ 16,275,770	$ 5,436,478	$ 4,816,754	$ 1,800,894
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 232,453	$ 399,278	$ 390,992	$ 1,245,096	$ 415,891	$ 368,482	$ 137,768

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West Virginia American Water Company
Comparison Group 2009 Actual Customer Accounts Expense Per Customer

		Virginia		Pennsylvania				
		Appalachian Power	Virginia Electric Power	Duquesne Light	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)			$ 34,105,089	$ 7,251,333	$ 54,108,164	$ 8,285,931	$ 2,345,167	$ 29,834,173
Acct 905 - Misc Customer Accounts (page 322, line 133)			$ -	$ -	$ 31,454,063	$ 318,212	$ 62,195	$ 1,237,553
Subtotal			$ 34,105,089	$ 7,251,333	$ 85,562,227	$ 8,604,143	$ 2,407,362	$ 31,071,726
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	Note A		$ 6,239,031	$ 2,344,537	$ 7,908,524	$ 306,665	$ 180,088	$ 8,438,577
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B		$ 1,787,731	$ 484,798	$ 1,945,506	$ 276,430	$ 69,299	$ 1,445,946
Total Cost Pool			**$ 42,131,851**	**$ 10,080,668**	**$ 95,416,257**	**$ 9,187,238**	**$ 2,656,750**	**$ 40,956,249**
Total Customers (page 304, line 43)			2,403,558	598,969	1,564,433	589,201	159,558	1,397,730
Customer Account Services Expense per Customer		see W.Va.	**$ 17.53**	**$ 16.83**	**$ 60.99**	**$ 15.59**	**$ 16.65**	**$ 29.30**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)			$167,027,121	$ 19,609,439	$ 43,788,734	$ 2,761,682	$ 1,285,130	$ 40,413,365
Total O&M Payroll (page 355, line 65)			$625,619,817	$ 53,003,877	$140,811,506	$ 32,541,096	$ 6,464,412	$ 90,520,382
Benefits as Percent of Payroll			26.7%	37.0%	31.1%	8.5%	19.9%	44.6%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)			$ 30,292,243	$ 9,501,076	$ 24,534,887	$ 6,047,880	$ 1,444,650	$ 20,125,865
Gas (page 354, line 37)			$ -	$ -	$ 5,390,281	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts			$ 30,292,243	$ 9,501,076	$ 29,925,168	$ 6,047,880	$ 1,444,650	$ 20,125,865
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)			$ 34,105,089	$ 7,251,333	$ 54,108,164	$ 8,285,931	$ 2,345,167	$ 29,834,173
Acct 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ -	$ 31,454,063	$ 318,212	$ 62,195	$ 1,237,553
Subtotal - Total Charges Applicable to Customer Accounts Services			$ 34,105,089	$ 7,251,333	$ 85,562,227	$ 8,604,143	$ 2,407,362	$ 31,071,726
Acct 902 - Meter Reading Expenses (page 322, line 160)			$ 10,103,836	$ 3,620,208	$ 15,118,763	$ 5,796,694	$ 1,431,801	$ 2,013,136
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading			$ 44,208,925	$ 10,871,541	$100,680,990	$ 14,400,837	$ 3,839,163	$ 33,084,862
Percent Applicable to Customer Accounts Services (903 and 905)			77.1%	66.7%	85.0%	59.7%	62.7%	93.9%
Customer Account Services Portion of Total Payroll			$ 23,369,029	$ 6,337,231	$ 25,431,455	$ 3,613,458	$ 905,873	$ 18,901,253
Pension & Benefits Pertaining to Customer Accounts Services			$ 6,239,031	$ 2,344,537	$ 7,908,524	$ 306,665	$ 180,088	$ 8,438,577
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll			$ 23,369,029	$ 6,337,231	$ 25,431,455	$ 3,613,458	$ 905,873	$ 18,901,253
Employer's Portion of FICA (6.20%) and Medicare (1.45%)			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA			$ 1,787,731	$ 484,798	$ 1,945,506	$ 276,430	$ 69,299	$ 1,445,946

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West Virginia American Water Company
Comparison Group 2009 Actual Customer Accounts Expense Per Customer

		Maryland			
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Group Average
Customer Account Services Cost Pool					
FERC Account Balances:					
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 27,866,774	$ 32,434,776	$ 45,896,046	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 3,630,336	$ -	$ -	
Subtotal		$ 31,497,110	$ 32,434,776	$ 45,896,046	
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	Note A	$ 7,086,906	$ 3,183,229	$ 7,120,702	
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 2,449,386	$ 528,359	$ 870,314	
Total Cost Pool		**$ 41,033,402**	**$ 36,146,364**	**$ 53,887,062**	**$ 535,006,556**
Total Customers (page 304, line 43)		1,234,644	498,046	769,966	16,602,137
Customer Account Services Expense per Customer		**$ 33.24**	**$ 72.58**	**$ 69.99**	**$ 32.23**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 39,876,147	$ 18,030,414	$ 35,071,199	
Total O&M Payroll (page 355, line 65)		$180,157,469	$ 39,120,620	$ 56,032,805	
Benefits as Percent of Payroll		22.1%	46.1%	62.6%	
Payroll Applicable to Customer Account Services					
Total Payroll Charged to Customer Accounts Function					
Electric (page 354, line 7)		$ 24,805,988	$ 7,101,649	$ 12,971,565	
Gas (page 354, line 37)		$ 12,759,646	$ 1,558,899	$ -	
Total Payroll Charged to Customer Accounts		$ 37,565,634	$ 8,660,548	$ 12,971,565	
Percent Applicable to Customer Accounts Services (903 and 905):					
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 27,866,774	$ 32,434,776	$ 45,896,046	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 3,630,336	$ -	$ -	
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 31,497,110	$ 32,434,776	$ 45,896,046	
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,457,249	$ 8,236,558	$ 6,434,241	
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 36,954,359	$ 40,671,334	$ 52,330,287	
Percent Applicable to Customer Accounts Services (903 and 905)		85.2%	79.7%	87.7%	
Customer Account Services Portion of Total Payroll		$ 32,018,115	$ 6,906,657	$ 11,376,654	
Pension & Benefits Pertaining to Customer Accounts Services		$ 7,086,906	$ 3,183,229	$ 7,120,702	
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services					
Customer Account Services Portion of Total Payroll		$ 32,018,115	$ 6,906,657	$ 11,376,654	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA		$ 2,449,386	$ 528,359	$ 870,314	

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Analysis of Services

The final aspect of this study was an assessment of whether the services that are provided to WV American by the Service Company would be necessary if WV American were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for WV American. Based on discussions with Service Company personnel, the matrix in Exhibit 11 was created showing which entity—WV American or a Service Company location—is responsible for each of the functions WV American requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Exhibit 12, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Exhibit ~~12~~11, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

P - Primarily Responsible S - Provides Support	Performed By:						
		American Water Service Company					
Water Company Function	WV American	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	P				S		
Five-Year System Planning	P						
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	P				S		
Special Projects	P				S		
Minor Projects (e.g., pipelines)	P						
Construction Project Management							
Major Projects	P				S		
Special Projects	P				S		
Minor Projects	P						
Hydraulics Review	P						
Developers Extensions	P						
Tank Painting	P						
Water Quality and Purification							
Water Quality Standards Development	S				P		S
Research Studies	S				P		S
Water Quality Program Implementation	P				S		
Water Treatment Operations & Maintenance	P				S		
Compliance Sampling and Chemical Testing	S						P
Sample Collection and Other Testing	P				S		S
Transmission and Distribution							
Preventive Maintenance Program Development	P				S		
System Maintenance	P						
Leak Detection	P						
Customer Service							
Community Relations	S		P		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	S	S	P				
Customer Credit	S	P					
Meter Reading	P					S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development	S				P		
Meter Testing, Maintenance & Replacement	P						

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Designation Of Responsibility For Water Utility Functions

P - Primarily Responsible S - Provides Support	Performed By:						
		American Water Service Company					
Water Company Function	WV American	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings--Equity			S	S	P		
Financings--Long Term Debt & Preferred (Note A)	S		S	S	P		
Short Term Lines of Credit Arrangements(Note A)	S		S	S	P		
Investor Relations			S		P		
Insurance Program Administration	S				P		
Loss Control/Safety Program Administration	P				S		
Pension Fund Asset Management					P		
Cash Management/Disbursements	S			P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue and O&M	P		S				
Depreciation and Interest Expense	P		S	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	P						
Capital Budget Preparation—Non-Project Work	P						
Prepare Monthly Budget Variance Report	P		S				
("Budget/Plan Analysis")							
Prepare Capital Project Budget Status Report	P						
Year-End Projections	P						
Accounting and Taxes							
Accounts Payable Accounting	S			P			
Payroll Accounting	S			P			
Work Order Accounting	S			P			
Fixed Asset Accounting	S			P			
Journal Entry Preparations--Billing Corrections	S			P			
Journal Entry Preparation--All Others	S			P			
Financial Statement Preparation	S			P			
State Commission Reporting	S			P			
Income Taxes--State				P			
Income Taxes--Federal				P			
Property Taxes	S		S	P			
Gross Receipts (Town) Taxes	S		S	P			

Note A: Lines of credit are the responsibility of American Water Capital Corporation ("AWCC").

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Designation Of Responsibility For Water Utility Functions

P - Primarily Responsible S - Provides Support	Performed By:						
		American Water Service Company					
Water Company Function	WV American	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management – National (pipe, chemicals, meters, etc.)							
Specification Development	S			S	P		
Bid Solicitation	S				P		
Contract Administration	S				P		
Purchasing and Materials Management – State (state supplier service agreements)							
Specification Development	P		S				
Bid Solicitation	P						
Contract Administration	P						
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration	S				P		
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration	S					P	
PC Acquisition & Support						P	
Help Desk				S		P	

Governance Practices Associated With Service Company Charges

There are several ways by which WV American exercises control over Service Company services and charges. The most important of these are described below.

- **President of Regulated Operations Oversight** – The President of Regulated Operations is on the Executive Management Team (EMT) of American Water. This position is responsible for the overall performance of each operating company in American Water. As part of the EMT, the President of Regulated Operations has equal say with other EMT members in major business decisions of American Water and has the ability to monitor Service Company performance quality and spending. The President of Regulated Operations also has dialogue with each operating company president to address local concerns.
- **Divisional Vice President & Treasurer** – The Divisional Vice President and Treasurer of the Eastern Division states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the division. The Vice President and Treasurer monitors the performance and reporting from the Service Company and follows up on instances where the quality and timeliness of services are not as expected. The operating company interacts with the Divisional VP & Treasurer to discuss any concerns with billings, etc.
- **Operating Company Board Oversight** – WV American's board of directors includes members of American Water's EMT, members of the divisional management team and business and community leaders from outside the Company. WV American's president is Chairman of the KAWC board. This helps ensure that WV American's needs are a factor in the delivery of Service Company services.
- **Service Company Budget Review/Approval** – The President of Regulated Operations sits on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. WV American's president also sits on the Service Company board.
- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's Executive Management Team, which includes the President of Regulated Operations. With input from the local presidents and Divisional Vice President & Treasurer, they have the ability to impact all new initiatives and projects before they are authorized.
- **Service Company Bill Scrutiny** – WV American Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. WV American financial manager has dialogue with Shared Services Center office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The WV American Finance Manager prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.
- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting** – The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Divisional" and "Corporate" Management Fees.
- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:
  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at two levels for all American Water companies, including all WV American Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of WV American and others participate as necessary (e.g. WV American operations managers and Rates Manager) and provide the data used in the monthly review schedules.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Case No. XXXXXXXXXXXX

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T Tariff Filing to Increase
Rates and Charges

DIRECT TESTIMONY OF

PATRICK L. BARYENBRUCH

___ __, 2010

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been

responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. PLEASE DESCRIBE THE REASON FOR YOUR TESTIMONY IN THIS CASE.

A. I am presenting the results of my study which evaluated the services provided by American Water Works Service Company ("Service Company") during 2009 to West Virginia-American Water Company ("WV American"). This study was

undertaken in conjunction with WV American's rate case and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

Q. WHAT WERE THE OBJECTIVES OF YOUR STUDY?

A. This study was undertaken to answer four questions concerning the services provided by the Service Company to WV American, each of which bears on the reasonableness of those charges as incurred during the 12 months ended December 31, 2009. The four questions are as follows:

1. Were the Service Company's charges to WV American during the 12 months ended December 31, 2009 reasonable?

2. Was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during the 12 months ended December 31, 2009?

3. Were the 12 months ended December 31, 2009 costs of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

4. Are the services WV American receives from Service Company necessary?

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 1, WHETHER THE SERVICE COMPANY

CHARGES TO WV AMERICAN DURING 2009 WERE REASONABLE?

A. I was able to draw the following conclusions about the reasonableness of those charges:

The Service Company's 12 months ended December 31, 2009 cost per WV American customer was very reasonable compared to cost per customer for electric and combination electric/gas service companies. During the 12 months ended December 31, 2009, WV American was charged $54 per customer for administrative and general (A&G)-related services provided by the Service Company. This compares to an average of $109 per customer for service companies reporting to the Federal Energy Regulatory Commission (FERC). In fact, only 3 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower per customer A&G cost than WV American's charges from the Service Company.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING QUESTION NUMBER 2, WHETHER WV AMERICAN WAS CHARGED THE LOWER OF COST OR MARKET SERVICES PROVIDED BY THE SERVICE COMPANY?

A. I was able to draw the following conclusions:

(1) WV American was charged the lower of cost or market for

managerial and professional services during the 12 months ended December 31, 2009.

(2) On average, the hourly rates for outside service providers are 48% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, then WV American would need to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been outsourced during the 12 months ended December 31, 2009, then WV American and its customers would have incurred more than $4,100,000 in additional expenses. This amount includes the higher cost of outside providers and the cost of one WV American position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked.

Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, then the Service Company would have had an even greater annual dollar advantage than the $4,100,000 cited above. If Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have added more than $200,000 in charges from outside providers.

(6) It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered in the rates paid to WV American by its customers.

Q. WHAT IS YOUR CONCLUSION REGARDING THE REASONABLENESS OF THE COSTS OF THE NATIONAL CALL CENTER THAT PROVIDES

SERVICE TO WV AMERICAN?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the range of the average of the neighboring electric utility comparison group. This selected group of electric utilities provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and WV American. During the 12-months ended December 31, 2009, the customer accounts cost for WV American customers was $29.15 compared to the 2008 average of $32.23 for neighboring electric utilities. The highest comparison group per customer cost was $72.58 and the lowest $15.58.

Q. WHAT CONCLUSIONS WERE YOU ABLE TO DRAW CONCERNING THE NECESSITY OF THE SERVICES WV AMERICAN RECEIVES FROM THE SERVICE COMPANY?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to WV American.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

Market Cost Comparison of Service Company Charges to West Virginia-American Water Company

12-Months Ended December 31, 2007

Baryenbruch & Company, LLC

West Virginia-American Water Company
Market Cost Comparison of Service Company Charges
12-Months Ended December 31, 2007

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I - Introduction

Purpose Of This Study

This study was undertaken to answer four questions concerning the services provided by American Water Works Service Company, Inc. ("Service Company") to West Virginia-American Water Company ("WV American"), each of which bears on the reasonableness of those charges as incurred during the 2007 test in Case No. 08-0900-W-42-T pending before the Public Service Commission of West Virginia:

1. Was WV American charged the lower of cost or market for managerial and professional services provided by the Service Company during 2007?

2. Was the 2007 cost of the Service Company's customer accounts services, including those of the National Call Centers, comparable to those of other utilities?

3. Are the services WV American receives from Service Company necessary?

4. Were the Service Company's charges to WV American during the 12-months ended December 31, 2007 reasonable by other comparative measures?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- WV American was charged the lower of cost or market for managerial and professional services during the 12-months ended December 31, 2007.

- On average, the hourly rates for outside service providers are 44% higher than the Service Company's hourly rates.

- The managerial and professional services provided by the Service Company are vital and could not be procured externally by WV American without careful supervision on the part of WV American. If these services were contracted entirely to outside providers, WV American would have to add at least one position to manage activities of outside firms. This position would be necessary to ensure the quality and timeliness of services provided.

- If all the managerial and professional services now provided by the Service Company had been outsourced during the 12-months ended December 31, 2007, WV American and its ratepayers would have incurred more than $3,354,359 in additional expenses. This amount includes the higher cost of outside providers and the cost of an additional one half WV American position needed to direct the outsourced work.

- This study's hourly rate comparison actually understates the cost advantages that accrue to WV American from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company exempt personnel, on the other hand, charge a maximum of 8 hours per day even when they work more hours. If the overtime hours of Service Company personnel were factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $3,354,359 cited above. For instance, if Service Company overtime is conservatively estimated at 5% (2 hours per week), then that work would have cost an estimated $160,000 in additional charges from outside providers.

- It would be difficult for WV American to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

- Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from WV American ratepayers.

Concerning question 2, it was determined that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is within a reasonable range of the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of the Service Company and WV American. During the 12-months ended December 31, 2007, the customer accounts cost for WV American customers was $33.31 compared to the 2007 average of $31.27 for neighboring electric utilities. The highest comparison group per customer cost was $70.37 and the lowest $13.71.

Concerning question 3, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Schedule 10, there was only one entity that was primarily responsible for the service.

Concerning question 4, the following conclusions were reached:

- The Service Company provides WV American with services similar to those provided by other utility service companies. This was determined based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

- American Water's 2007 cost per WV American customer was reasonable compared to cost per customer for electric and combination electric/gas service companies. During 2007, WV American was charged an average of $55 per customer by the Service Company compared to an average of $122 per customer for service companies reporting to the FERC.

II - Background

Overview Of American Water Works Service Company

American Water's Service Company exists to provide certain shared services to American Water subsidiaries. It follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, chemicals, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, American Water's Service Company is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding its own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in American Water's Service Company establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by the Service Company.

- Improved Governance – American Water's Service Company provides another dimension of management and financial oversight that supplements local operating utility management. The Service Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

American Water follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like WV American, at cost. American Water's Service Company is not a profit-making entity. It assigns only its actual expenses to the American Water subsidiaries it services.

The Service Company provides services to American Water operating companies from the following locations:

- Corporate Office – Includes American Water's executive management and personnel from the various corporate support services. American Water's corporate office is located in Voorhees, New Jersey.

- National Call Centers – Perform customer service functions, including: customer call processing, service order processing, correspondence processing, credit and collections. American Water maintains two call centers: one in Alton, Illinois that went into operation in 2001 and a second in Pensacola, Florida that went into operation in 2005. Prior to the establishment of these national call centers, customer service functions were performed by employees of WV American, which incurred the expense on its books.

- National Shared Services Center – The Shared Services Center, located in Cherry Hill, New Jersey, provides various financial, accounting and treasury functions that had been performed by individual operating companies. This arrangement has improved and streamlined the Company's financial processes and allowed operating companies to focus on providing utility service.

- Regional Offices – Regional offices provide operating companies with certain support services that can be performed more effectively on a regional basis because individual operating company/center workloads are not sufficient to warrant a full-time staff for these activities. At the same time, these services require closer proximity to operating companies served so they are not provided by the National Shared Services Center. Examples of regional office services include rates and revenues, engineering and operations.

- Belleville Lab – The national trace substance laboratory is located in Belleville, Illinois, and performs testing for all American Water operating companies.

- Information Technology Service Centers – American Water's principal data center, located in Hershey, Pennsylvania, supports the IT infrastructure required to run corporate and operating company business applications and the communications systems. IT personnel rotate, as needed, throughout the regional offices and operating companies.

Service Company Expense Categories

The Service Company renders a monthly bill to American Water's operating companies. Charges are broken down into the following expense categories:

- Labor – base pay (salaries) of managerial and professional employees
- Labor-Related Overheads - employee benefit costs (payroll taxes, medical coverage, pensions, disability insurance) and other general expenses
- Support - wages and salaries of office support personnel, including secretaries, clerical personnel, telephone operators and mail clerks
- Office Expenses - office rent, equipment leases, telephone, electric, office supplies, property taxes, office maintenance
- Vouchers/Journal Entries – (1) travel expenses incurred by Service Company personnel, (2) other items submitted for reimbursement by employees, including professional association dues, (3) outside service contracts for such things as actuarial services, and (4) various other expenditures, including data center expenses for software licenses and hardware maintenance.

Service Company expenses are either assigned directly or allocated to operating companies, as shown in the table below.

Expense Category	Direct Charged	Allocated	Comments
Labor	X	X	Professional personnel working for one or several operating companies
Labor-Related Overheads	X	X	These are primarily employee benefit costs that relate directly to labor
Support		X	Administrative personnel support the professional staff, thus support costs are allocated on the basis of professional labor
Office Expense		X	Are all allocated on the basis of professional labor
Vouchers/Journals	X	X	May be either directly in support of one operating company (e.g., an engineer traveling from the Corporate Office to the operating company) or allocated to several operating companies

A direct charge occurs when Service Company work or expenses are incurred in support of only one operating company. Direct charge examples include work in support of an operating company's rate case, engineering design work on an operating company's project and the preparation of an operating company's financial statements.

Service Company expenses are allocated when more than one operating company benefits from the underlying work. Examples include assessments of new Federal water quality regulations, development of the company-wide materials procurement contracts and creation of company-wide engineering design standards.

Charging and Assignment Of Service Company Time and Expenses

Service Company transactions are assigned with the following information so there is a proper accounting and eventual charging to an operating company:

- Operating company number, if transaction is a direct charge
- Formula number if transaction is allocated
- Employee hours worked
- Account number for non-labor charges

Charges can originate from the following systems:

- Payroll System
- RVI System (outside vendor payments)
- PCard System (credit card payments)
- Internal Purchase Order System
- Journal entries

The Service Company's time reporting process enables labor and support charges to be assigned to the proper operating company. Labor charges are based on the time reported by managerial and professional Service Company employees. Every week, Service Company professional employees complete an electronic time sheet that shows:

- Operating company (for direct charge)
- Formula number (for allocation)
- Work order (where applicable)
- Authorization number (where applicable)

At month-end, time report information is processed and direct and allocated professional labor hours tabulated for each operating company. Dollar charges are then calculated using the hourly rate of each Service Company professional employee based upon their base salary (i.e., an employee's hours times their hourly rate of pay).

Support (administrative) personnel charge their time to the activity "General Admin." As described in the table on page 4, their labor charges are allocated to operating companies based upon how their office's professional personnel labor charges are assigned. For instance, if 20% of American Water's Southeast Region's professional labor is assigned to WV American during a month, then 20% of that office's monthly administrative labor charges also are assigned to the operating company.

The overhead cost category is next assigned based on professional and administrative labor costs. Thus, if 20% of the Southeast Region's accumulated professional and support labor is charged to WV American during the month, then 20% of that month's overhead expenses will be assigned to WV American.

Each Service Company location's office expenses are allocated to operating companies based on how professional labor charges for that office have been assigned. For instance, if 2% of professional labor from one Service Company office is assigned to WV American, then 2% of that office's office expenses would be assigned to WV American. Thus, office expenses are allocated in the very same way as administrative labor.

Vouchers/journal entries may be charged directly or allocated, depending on who benefits from the expenditure. For instance, the cost of a continuing professional education course taken by a professional in a regional office is allocated to the operating companies served by that office. Travel expenses by that same professional to a rate case proceeding are charged directly to the operating company whose case is being heard.

III – Service Company Cost Comparison Approach

During the 12 months ended December 31, 2007, the Service Company billed WV American $10,909,934 in O&M-related charges, $673,657 in capital-related charges and $11,283 in other charges. Included in the O&M amount are certain non-recurring expenses and non-Southeast Region charges which are excluded from this market study. As calculated in the table below, net Service Company charges of $9,909,212 were subjected to a market cost comparison.

	12 Months Ended December 31, 2007
Mgmt Fee Expense (O&M)	$ 10,909,934
Less: Non-Recurring Expenses	
Business Change	$ 3,590
Divestiture & SOX	$ (1,607,454)
Total Non-Recurring Expenses	$ (1,603,864)
Less: Non-Southeast Regions	$ (81,799)
Net Testable O&M	$ 9,224,272
Total Capital	$ 673,657
Total Other	$ 11,283
Total Testable SC Charges	**$ 9,909,212**

For purposes of comparing these charges to outside benchmarks, Service Company services were placed into two categories:

- Managerial and Professional Services – Includes such services as management, accounting, legal, human resources, information technology, and engineering.

- Customer Accounts Services – Includes customer-related services, such as call center, credit, billing, collection and payment processing.

Total test period Service Company charges break down between management/professional services and customer account services as follows:

	12 Months Ended Dec. 31, 2007	
	Amount	Hours
Management and Professional Services	$ 7,338,635	71,137
Customer Account Services	$ 2,570,577	73,349
Total Service Company Charges	$ 9,909,212	144,486

This study's first question—whether Service Company 2007 charges the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by Service Company personnel to hourly billing rates that would be charged by outside providers of equivalent services. Service Company costs per hour were based on actual charges to WV American during the 12 months ended December 31, 2007. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by the Service Company.

The second question—whether Service Company 2007 customer account services charges, including those of the National Call Center costs, were comparable to other utilities—was addressed by comparing WV American's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account

services expenses can be obtained from the FERC Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—the necessity of Service Company services—was first investigated by determining the services provided to WV American. A determination was then made as to whether these services would be required if WV American were a stand-alone utility.

The fourth question—whether Service Company 2007 charges were reasonable by other comparative measures—was determined by comparing WV American's net testable O&M Service Company charges per customer to those of electric and combination electric/gas utilities that file FERC Form 60 – Annual Report of Service Companies.

IV – Managerial And Professional Services Hourly Rate Comparison

Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Service Company managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Service Company services it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management, risk management services, human resources and communications services
- Attorneys – legal services
- Certified Public Accountants – accounting, financial, information technology and rates and revenues services
- Professional Engineers – engineering, operations and water quality services.

The services provided by the Belleville lab are assumed to be transferable to professional engineers for purposes of this cost comparison. This was done for two reasons. First, there is no readily available survey of hourly billing rates for testing services such as those performed by Belleville. Second, Belleville personnel have similar, scientific educational backgrounds as Service Company engineering personnel. Thus, it is valid to compare the hourly rates of Belleville services to those of outside engineering firms.

The Service Company's hourly rate were calculated for each of the four outside service provider categories, based on the dollars and hours charged to WV American during the 12 months ended December 31, 2007. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

It should be noted that by using the Service Company's hours charged WV American during 2007, its hourly rates are actually overstated because Service Company personnel charge a maximum 8 per day even when they work more. Outside service providers generally bill for every hour worked. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, then Service Company hourly rates would have been lower.

The last step in the market cost comparison was to compare the Service Company's average cost per hour to the average cost per hour for outside providers.

Service Company Hourly Rates

Schedule 1 (page 11) details the assignment of 12 months ended December 31, 2007 management and professional Service Company charges by outsider provider category. Schedule 2 (page 12) shows the same assignment for Service Company management and professional hours charged to WV American during the 12 months ended December 31, 2007.

Certain adjustments to these dollar amounts were necessary to calculate Service Company hourly rates that are directly comparable to those of outside providers. Adjustments were made to the following 2007 test period non-labor Service Company charges:

- Contract Services – 12 months ended December 31, 2007 Service Company charges to WV American include almost $432,000 in expenses associated with the use of outside

professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the Service Company hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these Service Company charges from the hourly rate calculation.

- Computer Hardware and Software Expenses – Included in the 12 months ended December 31, 2007 Service Company charges to WV American are charges for outside expenses related to leases and maintenance fees related to mainframe, server and network infrastructure, corporate business applications and the communications systems. An outside provider that would take over operation of a data center would recover these expenses over and above the labor necessary to operate the data center.

Schedule 3 (page 13) shows how contract services, travel expenses and computer hardware/software-related Service Company charges are assigned among the four outside provider categories.

Based on the assignment of expenses and hours shown in Schedules 1 and 2 and the excludable items shown in Schedule 3, the Service Company's equivalent costs per hour for the 12 months ended December 31, 2007 are calculated below.

	Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Total management, professional & technical services charges	$ 376,485	$ 2,443,080	$ 3,318,764	$ 1,200,306	$ 7,338,635
Less:					
Contract services	$ 9,241	$ 105,513	$ 303,907	$ 13,634	$ 432,295
Travel expenses	$ 6,090	$ 81,313	$ 51,406	$ 40,671	$ 179,480
Computer hardware/software	$ 1	$ 31,987	$ 56,482	$ 18,759	$ 107,229
Net Service Charges (A)	$ 361,154	$ 2,224,266	$ 2,906,968	$ 1,127,242	$ 6,619,630
Total Hours (B)	2,418	16,815	39,098	12,807	71,137
Average Hourly Rate (A / B)	**$ 149**	**$ 132**	**$ 74**	**$ 88**	

West Virginia American Water Company
Analysis of 12 Months Ended December 31, 2007 Service Company Charges By Location And Function

Location	Function	12 Months Ended December 31, 2007 Service Company Charges				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				$ 253,900	$ 253,900
Call Center	Human Resources		$ 48,872			$ 48,872
Corporate	Accounting			$ 486,358		$ 486,358
	Administration		$ 308,042			$ 308,042
	Audit			$ 81,810		$ 81,810
	Communications		$ 102,810			$ 102,810
	Engineering				$ 32,691	$ 32,691
	Finance			$ 194,551		$ 194,551
	Human Resources		$ 312,413			$ 312,413
	Legal	$ 116,264				$ 116,264
	Operations		$ 218,864		$ 109,688	$ 328,552
	Rates & Revenue			$ 109,540		$ 109,540
	Risk Management		$ 124,667			$ 124,667
	Water Quality				$ 78,538	$ 78,538
Regional Offices	Accounting			$ 35,904		$ 35,904
	Administration		$ 150,210			$ 150,210
	Communications		$ 223,821			$ 223,821
	Engineering				$ 324,467	$ 324,467
	Finance			$ 381,629		$ 381,629
	Human Resources		$ 121,944			$ 121,944
	Legal	$ 260,220				$ 260,220
	Operations		$ 455,277		$ 214,148	$ 669,425
	Risk Management		$ 254,126			$ 254,126
	Water Quality				$ 186,874	$ 186,874
Information Technology	Information Technology			$ 1,393,970		$ 1,393,970
Shared Services	Accounting			$ 527,951		$ 527,951
	Administration		$ 122,034			$ 122,034
	Finance			$ 71,213		$ 71,213
	Rates & Revenue			$ 35,838		$ 35,838
Total Dollars Charged		**$ 376,485**	**$ 2,443,080**	**$ 3,318,764**	**$ 1,200,306**	**$ 7,338,635**

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West Virginia American Water Company
Analysis of 12 Months Ended December 31, 2007Service Company Hours By Location And Function

Location	Function	12 Months Ended December 31, 2007 Service Company Hours				
		Attorney	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Belleville Lab	Water Quality				3,527	3,527
Call Center	Human Resources		602			602
Corporate	Accounting			4,984		4,984
	Administration		6			6
	Audit			576		576
	Communications		530			530
	Engineering				227	227
	Finance			1,388		1,388
	Human Resources		2,716			2,716
	Legal	421				421
	Operations		940		941	1,882
	Rates & Revenue			353		353
	Risk Management		781			781
	Water Quality				948	948
Regional Offices	Accounting			557		557
	Administration		697			697
	Communications		2,533			2,533
	Engineering				3,390	3,390
	Finance			3,359		3,359
	Human Resources		869			869
	Legal	1,996				1,996
	Operations		3,439		1,900	5,339
	Risk Management		2,968			2,968
	Water Quality				1,872	1,872
Information Technology	Information Technology			14,433		14,433
Shared Services	Accounting			11,268		11,268
	Administration		736			736
	Finance			1,732		1,732
	Rates & Revenue			448		448
Total Hours Charged		**2,418**	**16,815**	**39,098**	**12,807**	**71,137**

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West Virginia American Water Company
12 Months Ended December 31, 2007 Service Company Charges Excludable From The Hourly Rate Calculation

Charges By Function	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Accounting	$ 132,594	$ 12,962	$ 4,041	$ 149,596
Administration	$ 19,515	$ 13,224	$ (1,279)	$ 31,460
Audit	$ 14,635	$ 2,004	$ -	$ 16,640
Communications	$ 13,125	$ 7,679	$ 176	$ 20,980
Engineering	$ (523)	$ 3,269	$ 277	$ 3,023
Finance	$ 26,949	$ 6,655	$ 273	$ 33,877
Human Resources	$ 65,469	$ 15,689	$ 4,132	$ 85,290
Information Technology	$ 108,932	$ 22,340	$ 52,145	$ 183,417
Legal	$ 9,241	$ 6,090	$ 1	$ 15,331
Operations	$ 6,917	$ 60,281	$ 7,658	$ 74,856
Rates & Revenue	$ 20,797	$ 7,445	$ 24	$ 28,266
Risk Management	$ 3,316	$ 9,086	$ 26,087	$ 38,489
Water Quality	$ 11,328	$ 12,757	$ 13,696	$ 37,781
Total	**$ 432,295**	**$ 179,480**	**$ 107,229**	**$ 719,005**

Outside Service Provider Category
Certified Public Accountant
Management Consultant
Certified Public Accountant
Management Consultant
Professional Engineer
Certified Public Accountant
Management Consultant
Certified Public Accountant
Attorney
Management Consultant, Professional Engineer
Certified Public Accountant
Management Consultant
Professional Engineer

Recap By Outside Provider	Exclusions From Hourly Rate Calculation: Contract Services	Travel Expenses	Computer HW/SW	Total
Attorney	$ 9,241	$ 6,090	$ 1	$ 15,331
Management Consultant	$ 105,513	$ 81,313	$ 31,987	$ 218,814
Certified Public Accountant	$ 303,907	$ 51,406	$ 56,482	$ 411,796
Professional Engineer	$ 13,634	$ 40,671	$ 18,759	$ 73,064
Total	**$ 432,295**	**$ 179,480**	**$ 107,229**	**$ 719,005**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs below.

It should be noted that professionals working for 3 of the 4 outside providers may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among certified public accounting firms within West Virginia's region, only partner/owners are predominantly CPAs, as shown in the table below. Some employees of the Service Company also have professional licenses. Thus, it is valid to compare the Service Company's hourly rates to those of the outside professional service providers included in this study.

	Firm Size		
Position	Small	Medium	Large
Partners/Owners	90.1%	93.0%	98.4%
Directors (over 10 years experience)	42.9%	60.9%	78.6%
Managers (6-10 years experience)	37.5%	51.2%	86.6%
Sr Associates (4-5 years experience)	0.0%	60.9%	64.5%
Associates (1-3 years experience)	0.0%	17.9%	19.2%
New Professionals	0.0%	0.0%	7.9%

Attorneys

The West Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for West Virginia attorneys. Therefore, an estimate of West Virginia attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 4, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Charleston, West Virginia. The survey includes rates that were in effect during 2007.

Management Consultants

The cost per hour for management consultants was developed from the 2007 annual survey performed by the Association of Management Consulting Firms, an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2006 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2006. Thus, the 2006 average rate was escalated to June 30, 2007—the midpoint of the 12 months ended December 31, 2007.

Certified Public Accountants

The average hourly rate for West Virginia certified public accountants was developed from a 2006 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey are the average of firms in the south Atlantic region. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2007, the midpoint of 2007.

Professional Engineers

The Service Company provided hourly rate information for outside engineering firms that could have been used by WV American in 2007. As presented in Schedule 7, an average rate was developed for each engineering position level. Then, using a typical percentage mix of project time by engineering position, a weighted average cost per hour was calculated.

Schedule 4

West Virginia American Water Company
Estimated Billing Rates For West Virginia Attorneys Based On
Michigan Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
	Michigan	Of Mich	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit	229	$ 170	$ 275	$ 260	$ 530	$ 309	96%	$ 320
Dykema	Detroit	222	$ 185	$ 390	$ 245	$ 625	$ 361	96%	$ 375
Butzel Long	Detroit	209	$ 165	$ 400	$ 220	$ 550	$ 334	96%	$ 346
Bodman LLP	Detroit	128	$ 125	$ 215	$ 210	$ 495	$ 261	96%	$ 271
Jaffe Raitt Heuer & Weiss, PC	Southfield	100	$ 165	$ 225	$ 225	$ 500	$ 279	110%	$ 253
Trott & Trott, PC	Bingham Farms	64	$ 170	$ 170	$ 235	$ 235	$ 203	143%	$ 142
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	110%	$ 270
Kemp, Klein, Umphrey, Edelman & May PC	Troy	36	$ 150	$ 190	$ 200	$ 340	$ 220	127%	$ 174
Pepper Hamilton LLP	Detroit	33	$ 200	$ 315	$ 340	$ 615	$ 368	96%	$ 381
Hertz, Schram & Saretsky, PC	Bloomfield Hills	29	$ 175	$ 260	$ 275	$ 400	$ 278	158%	$ 176
Strobl & Sharp, PC	Bloomfield Hills	28	$ 110	$ 210	$ 200	$ 300	$ 205	158%	$ 130
Kupelian Ormond & Magy, PC	Southfield	25	$ 165	$ 195	$ 235	$ 320	$ 229	110%	$ 208
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	25	$ 130	$ 250	$ 275	$ 495	$ 288	158%	$ 182
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	109%	$ 243
							Overall Average 2007 Billing Rate		$ 248

Note A: Source is Michigan Lawyers Weekly, April 2007
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Charleston, West Virginia. A number over 100% indicates the Michigan city's cost of living is higher than Charleston. A number less than 100% indicates Charleston's cost of living is higher.

Schedule 5

West Virginia American Water Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2006 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 187	$ 235	$ 306	$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$187	$235	$306	$358	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 43	$ 56	$ 47	$ 31	$ 36	**$ 212**

Escalation to Midpoint of December 31, 2007 Test Period (Note B)

CPI at December 31, 2006	201.8
CPI at June 30, 2007	208.4
Inflation/Escalation	3.3%
Average Hourly Billing Rate For Management Consultants At June 30, 2007	**$ 219**

Note A: source: "Operating Ratios For Management Consulting Firms, 2007 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Schedule 6

West Virginia American Water Company
Billing Rates Of West Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 71	$ 89	$ 112	$ 164

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 71	$ 89	$ 112	$ 164	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 27	$ 22	$ 33	**$ 103**

CPI at December 31, 2005	196.8
CPI at June 30, 2007	208.4
Inflation/Escalation	5.9%
Average Hourly Billing Rate For West Virginia CPAs At June 30, 2007	**$ 109**

Schedule 7

West Virginia American Water Company
Billing Rates Of West Virginia Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$73	$108	$163	$87
Firm #2	$55	$70	$124	$163
Firm #3	$65	$93	$152	$200
Firm #4	$73	$85	$136	$175
Firm #5	$76	$84	$134	$164
Firm #6	$83	$98	$143	$200
Firm #7	$60	$80	$127	$162
Firm #8	$70	$73	$112	$160
Firm #9	$55	$86	$139	$190
Firm #10	$63	$65	$90	na

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$67	$84	$132	$167	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$20	$29	$33	$17	**$99**

Source: Information provided by American Water Works Service Company

Service Company Versus Outside Provider Cost Comparison

As shown in the table below, Service Company costs per hour are considerably lower than those of outside providers.

	12 Months Ended December 31, 2007		
Service Provider	Service Company	Outside Provider	Difference--Service Co. Greater(Less) Than Outside
Attorney	$ 149	$ 244	$ (95)
Management Consultant	$ 132	$ 219	$ (87)
Certified Public Accountant	$ 74	$ 109	$ (35)
Professional Engineer	$ 88	$ 99	$ (11)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to WV American during the 12-months ended December 31, 2007, outside service providers would have cost $3,204,959 more than the Service Company (see table below). Thus, on average, outside provider's hourly rates are almost 44% higher than those of the Service Company ($3,204,959 / $ 1,031,624).

	12 Months Ended December 31, 2007		
Service Provider	Hourly Rate Difference--Service Co. Greater(Less) Than Outside	Service Company Hours Charged	Dollar Difference
Attorney	$ (95)	2,418	$ (228,648)
Management Consultant	$ (87)	16,815	$ (1,462,293)
Certified Public Accountant	$ (35)	39,098	$ (1,370,273)
Professional Engineer	$ (11)	12,807	$ (143,746)
Service Company Less Than Outside Providers			$ (3,204,959)

If WV American were to use outside service providers rather than the Service Company for managerial and professional services, it would incur other additional expenses besides those associated with higher hourly rates. Managing outside firms who would perform 71,137 hours of work (more than 47 full-time equivalents at 1,500 "billable" hours per FTE per year) would add a significant workload to the existing WV American management team. Thus, it would be necessary for WV American to add at least one half of one position to supervise the outside firms and ensure they delivered quality and timely services. The individuals that would fill this position would need a good understanding of each profession being managed. They must also have management experience and the authority necessary to give them credibility with the outside firms. As calculated in the table below, this position would add another $149,400 per year to WV American's personnel expenses.

Cost of Adding a Professional Position To WVA's Sta	Total
New Positions' Salary	$ 100,000
Benefits (at 49.4%)	$ 49,400
Office Expenses (15.2%)	$ 15,200
Total Cost of Full Time Position	$ 149,400

Thus, the total effect on the ratepayers of WV American of contracting all services now provided by the Service Company would be an increase in their costs of $3,354,359 ($3,204,959 + $149,400). Based on the results of this comparison, it is possible to conclude that the Service Company charged WV American at the lower of cost or market for services provided during 2007.

Other Cost Comparisons

Every year, the Belleville Lab conducts a comparison of its cost for performing major tests to the cost of using outside testing laboratories. Over the past several years, these surveys have shown the following results been as follows:

Year	Number of Major Tests Surveyed	Percent Belleville Lower Than Outside Labs
2000	26	15%
2001	25	19%
2002	24	16%
2003	23	10%
2004	24	9%
2005	24	25%
2006	24	31%

These studies provide additional evidence that the Service Company arrangement is the lowest-cost alternative for WV American.

V – Customer Account Services Cost Comparison

Background

It is difficult to compare the cost of American Water's National Call Centers with outside providers of the same call center-related services. Call center survey data is proprietary and expensive to obtain. For this reason, WV American's National Call Center costs are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from the FERC Form 1 that each must file. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain call center-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Schedule 8 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large Southeastern electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

West Virginia American Water Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

West Virginia American Water Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 shows amounts for accounts 903 and 905.

West Virginia	• Wheeling Power	
Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Virginia	• Appalachian Power	• Virginia Electric Power
Ohio	• Cincinnati Gas & Electric • Cleveland Electric • Columbus Southern Power • Dayton Power & Light	• Ohio Edison • Ohio Power • Toledo Edison
Pennsylvania	• Duquesne Light • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric

Comparison Approach

The basis for this comparison is customer account services expenses per customer. WV American's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, WV American's resultant cost pool contains the expenses of Service Company locations and certain operating company expenses.

American Water
Service Company
Pensacola & Alton Call Centers
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
f. Customer payment processing
Operating Company
a. Postage and forms

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

WV American Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, certain adjustments had to be made to the applicable Service Company charges to WV American. It was necessary to adjust the National Call Center charges because electric utilities experience an average of 2.50 calls per customer compared to American Water's 1.33 calls per customer. Thus, National Call Center expenses had to be increased, for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, WV American's adjusted annual expense per customer is $32.48—the number that can be compared to neighboring electric utilities' expenses. WV American's 2007 unadjusted annual expense per customer is $21.90.

West Virginia American Water Company

	Cost Component	Service Co Charges	Adjustment Fewer Calls For Water Cos. (A)	Adjusted	
Service Company					
Call Centers	Call processing, order processing, credit, bill collection	$ 2,174,942	$ 1,917,855	$ 4,092,797	
Regional Offices		$ 395,635		$ 395,635	
Service Company	Customer payment processing			$ 102,473	Note B
Operating Company	Postage & forms			$ 1,007,341	
			Cost Pool Total	$ 5,598,246	
			Total Customers	168,060	
	12 Months Ended December 31, 2007 Cost Per WV American Customer			**$ 33.31**	

Note A: Adjustment for American Water's fewer calls per customer

This adjustment is necessary because water utilities experience fewer calls per customer than do electric utilities

Test year annualized Call Center charges		$ 2,174,942
Electric utility industry's avg calls/customer	2.50	
American Water's avg calls/customer	1.33	
Percent different	88%	88%
Total Adjustment B		$ 1,917,855

Note B: Estimated customer payment processing expenses

Number of customers	168,060
Number of payments/customer/year	4.3
Total payments processed/year	722,658
Bank charge per item	$ 0.1418
Total estimated annual expense	$ 102,473

Electric Utility Group Cost Per Customer

Schedule 9 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary Of Results

As shown in the table below, WV American's cost per customer is within a reasonable range of the average of the neighboring electric utility comparison group. It can therefore be concluded that WV American's 2007 customer accounts-related expenses, including those of the Alton and Pensacola Call Centers, assigned by the Service Company to WV American were comparable to those of other utilities.

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	13.71
Pennsylvania Electric	$	13.97
Virginia Electric Power	$	15.89
Duquesne Light	$	17.18
Pennsylvania Power	$	17.24
Ohio Edison	$	19.04
Dayton Power & Light	$	19.15
Cleveland Electric Illuminating	$	21.33
Toledo Edison	$	25.77
Kentucky Utilities	$	25.91
PPL Electric	$	27.14
Wheeling Power	$	28.08
Comparison Group Average	**$**	**31.27**
Baltimore Gas & Electric	$	32.50
West Virginia American Water	**$**	**33.31**
Duke Energy Kentucky	$	34.88
Appalachian Power	$	34.99
Ohio Power	$	35.00
Duke Energy Ohio	$	36.10
Kentucky Power	$	37.59
Columbus Southern Power	$	38.57
PECO Energy	$	55.42
Delmarva Power & Light	$	61.87
Potomac Electric	$	70.37

West Virginia American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		West Virginia	Kentucky				Maryland		
		Wheeling Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric
Customer Account Services Cost Pool									
FERC Account Balances:									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 1,083,477	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565	$ 26,325,591	$ 30,683,864	$ 46,795,233
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,480	$ 75,852	$ 2,888	$ 173,641	$ 215,534	$ 2,886,642	$ 6,566	$ -
Subtotal		$ 1,084,957	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099	$ 29,212,233	$ 30,690,430	$ 46,795,233
Add: Employee Benefits & Employer FICA (not included in above amounts)									
Account 926 - Employee Pension & Benefits	**Note A**	$ 55,868	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390	$ 8,173,002	$ 675,718	$ 5,348,590
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 19,665	$ 264,982	$ 111,009	$ 230,888	$ 94,002	$ 2,300,977	$ 561,925	$ 1,108,174
Total Cost Pool		**$ 1,160,489**	**$ 4,668,963**	**$ 6,605,240**	**$ 13,824,490**	**$ 5,494,491**	**$ 39,686,212**	**$ 31,928,073**	**$ 53,251,997**
Total Customers (page 304, line 43)		41,332	133,868	175,705	533,512	400,703	1,221,284	516,058	756,711
Customer Account Services Expense per Customer		**$ 28.08**	**$ 34.88**	**$ 37.59**	**$ 25.91**	**$ 13.71**	**$ 32.50**	**$ 61.87**	**$ 70.37**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt									
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 369,460	$ 9,725,767	$ 4,466,809	$ 22,618,725	$ 20,138,689	$ 44,787,999	$ 3,579,071	$ 21,362,833
Total O&M Payroll (page 355, line 65)		$ 1,699,949	$ 31,182,162	$ 22,664,819	$ 39,257,367	$ 45,624,056	$ 164,827,958	$ 38,906,442	$ 57,858,348
Benefits as Percent of Payroll		21.7%	31.2%	19.7%	57.6%	44.1%	27.2%	9.2%	36.9%
Payroll Applicable to Customer Account Services									
Total Payroll Charged to Customer Accounts Function									
Electric (page 354, line 7)		$ 357,852	$ 1,323,882	$ 1,702,053	$ 4,110,913	$ 960,068	$ 23,435,975	$ 8,109,529	$ 15,271,688
Gas (page 354, line 37)			$ 3,112,805			$ 771,056	$ 12,007,249	$ 1,431,093	
Total Payroll Charged to Customer Accounts		$ 357,852	$ 4,436,687	$ 1,702,053	$ 4,110,913	$ 1,731,124	$ 35,443,224	$ 9,540,622	$ 15,271,688
Percent Applicable to Customer Accounts Services (903 and 905):									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 1,083,477	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565	$ 26,325,591	$ 30,683,864	$ 46,795,233
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,480	$ 75,852	$ 2,888	$ 173,641	$ 215,534	$ 2,886,642	$ 6,566	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 1,084,957	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099	$ 29,212,233	$ 30,690,430	$ 46,795,233
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 425,426	$ 933,492	$ 1,073,679	$ 4,292,201	$ 1,986,061	$ 5,210,641	$ 9,171,909	$ 2,538,291
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 1,510,383	$ 4,257,103	$ 7,281,927	$ 16,146,857	$ 6,844,160	$ 34,422,874	$ 39,862,339	$ 49,333,524
Percent Applicable to Customer Accounts Services (903 and 905)		71.8%	78.1%	85.3%	73.4%	71.0%	84.9%	77.0%	94.9%
Customer Account Services Portion of Total Payroll		$ 257,057	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781	$ 30,078,131	$ 7,345,424	$ 14,485,935
Pension & Benefits Pertaining to Customer Accounts Services		$ 55,868	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390	$ 8,173,002	$ 675,718	$ 5,348,590
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services									
Customer Account Services Portion of Total Payroll		$ 257,057	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781	$ 30,078,131	$ 7,345,424	$ 14,485,935
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 19,665	$ 264,982	$ 111,009	$ 230,888	$ 94,002	$ 2,300,977	$ 561,925	$ 1,108,174

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West Virginia American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Ohio						
		Cleveland Electric Illum.	Columbus Southern Pwr	Dayton Power & Light	Duke Energy - Ohio	Ohio Edison	Ohio Power	Toledo Edison
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,571,985	$ 27,013,658	$ 8,528,580	$ 18,251,514	$ 20,280,096	$ 23,346,691	$ 6,786,566
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 493,177	$ 30,647	$ -	$ 7,279	$ 507,437	$ 36,717	$ 156,298
Subtotal		$ 15,065,162	$ 27,044,305	$ 8,528,580	$ 18,258,793	$ 20,787,533	$ 23,383,408	$ 6,942,864
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 836,948	$ 1,264,559	$ 991,292	$ 5,237,196	$ (1,424,285)	$ 1,098,295	$ 982,446
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 274,236	$ 428,016	$ 333,191	$ 1,290,860	$ 450,184	$ 418,833	$ 150,795
Total Cost Pool		**$ 16,176,347**	**$ 28,736,880**	**$ 9,853,063**	**$ 24,786,849**	**$ 19,813,432**	**$ 24,900,536**	**$ 8,076,105**
Total Customers (page 304, line 43)		758,319	745,133	514,405	686,578	1,040,662	711,406	313,413
Customer Account Services Expense per Customer		**$ 21.33**	**$ 38.57**	**$ 19.15**	**$ 36.10**	**$ 19.04**	**$ 35.00**	**$ 25.77**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 7,650,920	$ 11,597,859	$ 18,464,446	$ 52,482,158	$ (11,505,519)	$ 22,732,455	$ 7,749,820
Total O&M Payroll (page 355, line 65)		$ 32,770,179	$ 51,314,234	$ 81,127,271	$ 169,094,889	$ 47,537,720	$ 113,320,078	$ 15,549,239
Benefits as Percent of Payroll		23.3%	22.6%	22.8%	31.0%	-24.2%	20.1%	49.8%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 4,890,691	$ 6,589,685	$ 6,193,463	$ 8,774,665	$ 8,447,511	$ 6,727,321	$ 2,640,178
Gas (page 354, line 37)					$ 13,561,352			
Total Payroll Charged to Customer Accounts		$ 4,890,691	$ 6,589,685	$ 6,193,463	$ 22,336,017	$ 8,447,511	$ 6,727,321	$ 2,640,178
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 14,571,985	$ 27,013,658	$ 8,528,580	$ 18,251,514	$ 20,280,096	$ 23,346,691	$ 6,786,566
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 493,177	$ 30,647	$ -	$ 7,279	$ 507,437	$ 36,717	$ 156,298
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 15,065,162	$ 27,044,305	$ 8,528,580	$ 18,258,793	$ 20,787,533	$ 23,383,408	$ 6,942,864
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,488,077	$ 4,808,046	$ 3,599,111	$ 5,910,289	$ 9,052,734	$ 5,348,894	$ 2,356,336
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 20,553,239	$ 31,852,351	$ 12,127,691	$ 24,169,082	$ 29,840,267	$ 28,732,302	$ 9,299,200
Percent Applicable to Customer Accounts Services (903 and 905)		73.3%	84.9%	70.3%	75.5%	69.7%	81.4%	74.7%
Customer Account Services Portion of Total Payroll		$ 3,584,790	$ 5,594,986	$ 4,355,441	$ 16,873,984	$ 5,884,763	$ 5,474,942	$ 1,971,180
Pension & Benefits Pertaining to Customer Accounts Services		$ 836,948	$ 1,264,559	$ 991,292	$ 5,237,196	$ (1,424,285)	$ 1,098,295	$ 982,446
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 3,584,790	$ 5,594,986	$ 4,355,441	$ 16,873,984	$ 5,884,763	$ 5,474,942	$ 1,971,180
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 274,236	$ 428,016	$ 333,191	$ 1,290,860	$ 450,184	$ 418,833	$ 150,795

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West Virginia American Water Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Virginia		Pennsylvania					
		Appalachian Power	Virginia Electric Power	Duquesne Light	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric	Group Average
Customer Account Services Cost Pool									
FERC Account Balances:									
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 31,314,061	$ 32,253,336	$ 6,737,679	$ 44,969,347	$ 10,340,968	$ 2,890,828	$ 28,563,240	$ 406,513,413
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 18,238	$ -	$ -	$ 34,562,550	$ 129,987	$ 120,019	$ 990,261	$ 40,415,213
Subtotal		$ 31,332,299	$ 32,253,336	$ 6,737,679	$ 79,531,897	$ 10,470,955	$ 3,010,847	$ 29,553,501	$ 446,928,626
Add: Employee Benefits & Employer FICA (not included in above amounts)									
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,429,385	$ 3,831,664	$ 2,882,751	$ 5,141,143	$ (2,549,675)	$ (352,049)	$ 6,625,261	$ 43,895,801
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 534,319	$ 1,451,975	$ 443,792	$ 1,524,935	$ 303,672	$ 82,837	$ 1,414,208	$ 13,793,475
Total Cost Pool		**$ 33,296,003**	**$ 37,536,975**	**$ 10,064,222**	**$ 86,197,975**	**$ 8,224,953**	**$ 2,741,635**	**$ 37,592,970**	**$ 504,617,902**
Total Customers (page 304, line 43)		951,693	2,362,318	585,837	1,555,342	588,871	158,987	1,385,081	16,137,218
Customer Account Services Expense per Customer		**$ 34.99**	**$ 15.89**	**$ 17.18**	**$ 55.42**	**$ 13.97**	**$ 17.24**	**$ 27.14**	**$ 31.27**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt									
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,499,955	$ 120,865,073	$ 31,719,047	$ 32,224,495	$ (23,125,715)	$ (2,234,231)	$ 32,626,364	$ 449,796,480
Total O&M Payroll (page 355, line 65)		$ 105,057,647	$ 598,702,458	$ 63,830,893	$ 124,944,222	$ 36,004,272	$ 6,872,052	$ 91,036,928	$ 1,939,183,183
Benefits as Percent of Payroll		20.5%	20.2%	49.7%	25.8%	-64.2%	-32.5%	35.8%	23.2%
Payroll Applicable to Customer Account Services									
Total Payroll Charged to Customer Accounts Function									
Electric (page 354, line 7)		$ 8,227,618	$ 25,945,148	$ 9,475,692	$ 19,294,311	$ 6,944,688	$ 1,675,705	$ 20,006,926	$ 191,105,562
Gas (page 354, line 37)					$ 4,308,224				$ 35,191,779
Total Payroll Charged to Customer Accounts		$ 8,227,618	$ 25,945,148	$ 9,475,692	$ 23,602,535	$ 6,944,688	$ 1,675,705	$ 20,006,926	$ 226,297,341
Percent Applicable to Customer Accounts Services (903 and 905):									
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 6,737,679	$ 44,969,347	$ 10,340,968	$ 2,890,828	$ 28,563,240	$ 406,513,413
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ -	$ 34,562,550	$ 129,987	$ 120,019	$ 990,261	$ 40,415,213
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 31,332,299	$ 32,253,336	$ 6,737,679	$ 79,531,897	$ 10,470,955	$ 3,010,847	$ 29,553,501	$ 446,928,626
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,576,254	$ 11,835,960	$ 4,267,657	$ 14,637,596	$ 7,847,777	$ 1,648,497	$ 2,430,838	$ 110,439,766
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 36,908,553	$ 44,089,296	$ 11,005,336	$ 94,169,493	$ 18,318,732	$ 4,659,344	$ 31,984,339	$ 557,368,392
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	73.2%	61.2%	84.5%	57.2%	64.6%	92.4%	80.2%
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 5,801,201	$ 19,933,785	$ 3,969,571	$ 1,082,833	$ 18,486,382	$ 180,306,864
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,429,385	$ 3,831,664	$ 2,882,751	$ 5,141,143	$ (2,549,675)	$ (352,049)	$ 6,625,261	$ 41,822,451
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services									
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 5,801,201	$ 19,933,785	$ 3,969,571	$ 1,082,833	$ 18,486,382	$ 180,306,864
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 534,319	$ 1,451,975	$ 443,792	$ 1,524,935	$ 303,672	$ 82,837	$ 1,414,208	$ 13,793,475

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VI - Need For Service Company Services

Analysis Of Services

The third aspect of this study was an assessment of whether the services that are provided to WV American by the Service Company would be necessary if WV American were a stand-alone water utility. The first step in this evaluation was to determine specifically what the Service Company does for WV American. Based on discussions with Service Company personnel, the matrix in Schedule 10 was created showing which entity—WV American or a Service Company location—is responsible for each of the functions WV American requires to ultimately provide service to its customers. This matrix was reviewed to determine: (1) if there was redundancy or overlap in the services being provided by the Service Company and (2) if Service Company services are typical of those needed by a stand-alone water utility.

Upon review of Schedule 10, the following conclusions can be drawn:

- The services that the Service Company provides are necessary and would be required even if WV American were a stand-alone water utility.

- There is no redundancy or overlap in the services provided by the Service Company to WV American. For all of the services listed in Schedule 12, there was only one entity that was primarily responsible for the service.

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	WV AMERICAN	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Engineering and Construction Management							
CPS Preparation	S		P		S		
Five-Year System Planning	S		P				
Engineering Standards & Policies Development					P		
Project Design							
Major Projects (e.g., new treatment plant)	S		P		S		
Special Projects	S		P		S		
Minor Projects (e.g., pipelines)	P		S				
Construction Project Management							
Major Projects	S		P				
Special Projects	S		P				
Minor Projects	P						
Hydraulics Review	P		S				
Developers Extensions	P		S				
Tank Painting	S		P				
Water Quality and Purification							
Water Quality Standards Development			S		P		S
Research Studies	S				P		S
Water Quality Program Implementation	P		S		S		
Water Treatment Operations & Maintenance	P		S		S		
Compliance Tracking and Chemical Testing	S		S				P
Sample Collection and Other Testing	P		S		S		S
Transmission and Distribution							
Preventive Maintenance Program Development	P						
System Maintenance	P						
Leak Detection	P		S				
Customer Service							
Community Relations	P		S		S		
Customer Contact	S	P					
Call Processing		P					
Service Order Creation	S	P	S				
Service Order Processing	P	S	S				
Customer Credit		P	S				
Meter Reading	P		S			S	
Customer Bill Preparation		S				P	
Bill Collection	S	P	S			S	
Customer Payment Processing	S			P			
Meter Standards Development			S		P		
Meter Testing, Maintenance & Replacement	P		S				

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	WV AMERICAN	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Financial Management							
Financial Planning	S		P	S	S		
Financings—Equity			P	S	S		
Financings--Long Term Debt & Preferred (A)			P	S	S		
Short Term Lines of Credit Arrangements (A)			S	S	S		
Investor Relations			S		P		
Insurance Program Administration					P		
Loss Control/Safety Program Administration	S		P		S		
Pension Fund Asset Management					P		
Cash Management/Disbursements				P			
Internal Auditing					P		
Budgeting and Variance Reporting							
Corporate Guidelines & Instructions					P		
Regional Guidelines & Instructions			P				
Budget Preparation							
Revenue	S		P				
O&M	S		P				
Depreciation and Interest Expense	S		P	S			
Budget Preparation--Service Company Charges		S	P	S	S	S	S
Capital Budget Preparation—Projects	S		P				
Capital Budget Preparation—Non-Project Work	S		P				
Prepare Monthly Budget Variance Report ("Budget/Plan Analysis")	S		P				
Prepare Capital Project Budget Status Report	S		P				
Year-End Projections (A)	S		P				
Accounting and Taxes							
Accounts Payable Accounting	S		S	P			
Payroll Accounting	S		S	P			
Work Order Accounting	S		S	P			
Fixed Asset Accounting	S		S	P			
Journal Entry Preparation--Billing Corrections	S		S	P			
Journal Entry Preparation--All Others	S		S	P			
Financial Statement Preparation	S		S	P			
State Commission Reporting	S		S	P			
Income Taxes—State				P			
Income Taxes—Federal				P			
Property Taxes	S		S	P			
Gross Receipts Taxes	S		S	P			

Note A: Financings and lines of credit are the responsibility of American Capital Corporation

Designation Of Responsibility For Water Utility Functions

Primarily Responsible P Provides Support S	Performed By:						
		American Water Service Company					
Water Company Function	WV AMERICAN	Customer Call Center	Regional Office	Shared Services	Corporate Office	IT Service Centers	Belleville Lab
Rates							
Rate Studies & Tariff Change Administration	S		P				
Rate Case Planning and Preparation	S		P				
Rate Case Administration	S		P				
Commission Inquiry Response	S		P				
Legal			P		S		
Purchasing and Materials Management							
Specification Development	S		S	S	P		
Bid Solicitation	S				P		
Contract Administration	P				P		
Ordering	P						
Inventory Management	P			S			
Human Resources Management							
Benefit Program Development					P		
Benefits Program Administration			P				
Management Compensation Administration					P		
Wage & Salary Program Design					P		
Wage & Salary Administration	S		P				
Training Program Development	S		S		P		
Training--Course Delivery	S		P				
Affirmative Action/EEO--Plan Development	S		P				
Affirmative Action/EEO--Implementation	S		P				
Information Systems Services							
Service Company Data Centers							
System Operations & Maintenance						P	
Software Maintenance						P	
Network Administration						P	
PC Acquisition & Support						P	
Help Desk				S		P	

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Governance Practices Associated With Service Company Charges

There are several ways by which WV American exercises control over Service Company services and charges. The most important of these are described below.

- **Company President Oversight** – The Company President of the state utility is responsible for the overall performance of the each operating company or district in the state. Through the Executive Vice President of the Western Division, each state utility President in the division has a significant voice in major business decisions of American Water and has the ability to monitor Service Company quality and spending.

- **Vice President Finance** – The VP Finance of the Western states is responsible for the financial reporting, performance and internal controls of each of the operating companies in the region. The VP Finance monitors the performance and reporting from the Service Company. The VP Finance attends monthly Business Plan Review sessions with the WV American President and finance group to review actual results and address forecast modifications for the remainder of the year. The VP Finance reports on the quarterly financial results and forecast updates to WV American's Board of Directors. The rates function reports to the VP Finance, who reviews and authorizes the filing of WV American rate cases and regularly monitors the status of cases. The operating subsidiary interacts with the VP Finance to discuss various issues.

- **Operating Company Board Oversight** – WV American's board of directors includes members of American Water's senior executive team and members of the Division management team. This helps ensure that WV American's needs are a factor in the delivery of Service Company services.

- **Service Company Budget Review/Approval** – WV American's President and the Executive VP sit on the Service Company board and that board must formally approve the budget for Service Company charges for the next year. These budgeted charges are consolidated with the operating company's own spending into an overall budget which must be approved by the operating company's board of directors. WV American's president is also on the local board.

- **Major Project Review And Approval** – Major projects undertaken by the Service Company must first be reviewed by American Water's senior executive team, which includes the Executive VP. The Executive VP, with input from the Division management team (including the president of WV American), has the ability to impact all new initiatives and projects before they are authorized.

- **Service Company Bill Scrutiny** – Western Region Finance personnel review the monthly Service Company bill for accuracy and reasonableness on a monthly basis. WV American's financial analyst has dialogue with regional office personnel concerning the monthly bill and any mistakes or overcharges are credited on a subsequent billing. The Western Region Finance unit prepares an actual to budget comparison of management fees each month for use in identifying unusual variances. Service Company actual to budget comparison is included in the monthly FRP. Unusual variances are researched, explanations are provided and any corrections are made, as necessary.

- **Service Company Budget Variance Reporting** – Each month, a summary variance analysis is prepared that explains differences between budgeted and actual Service Company spending. In addition, a more detailed monthly variance report, called the "Statement of Expenses and Billed Charges," is produced by Service Company location and shows actual spending for the month.

- **Operating Company Budget Variance Reporting –** The "Budget/Plan Analysis," produced monthly, has a line item for Management Fees (i.e., Service Company charges). In this way, Service Company budget versus actual charges can be monitored for the month and year-to-date. Additional information exists that allows more detailed analysis of "Regional" and "Corporate" Management Fees.

- **Capital Investment Management ("CIM") –** CIM is one of American Water's primary business planning processes. It covers capital and asset planning and is employed throughout American Water. CIM provides a full range of governance practices, including a formal protocol for assessing system needs, prioritizing expenditures, managing the capital program, approving project spending, delivering projects and measuring outputs. CIM ensures that:

  - Capital expenditure plans are aligned with the strategic intent of the business
  - The impact of capital expenditure and income plans are fully reflected in operating expense plans
  - The impacts of these plans are understood and affordable, and
  - Effective controls are in place over budgets (through business plans) and individual capital projects (through appropriate authorization thresholds, management and reporting processes).

  The CIM process was designed to optimize the effectiveness of asset investment. The process is managed at three levels for all American Water companies, including all WV American Operating Units. Monthly meetings of the CIM are held to review capital spending compared to plan, review new project requests, and review updates or modifications to existing projects. The President of WV American, VP Finance, and others participate as necessary (e.g. WV American operations managers and Rates Manager) and provide the data used in the monthly review schedules.

VII – Other Comparative Measures Of Reasonableness Of Service Company Charges

WV American's Service Company Cost Per Customer

During 2007, WV American was charged $55 per customer in O&M expenses by the Service Company. As shown in the table below, this calculation is based on net testable O&M, which eliminates certain O&M items for which WV American has not requested cost recovery.

	2007
Net Testable Service Company O&M Expenses	$ 9,224,272
WV American Customers (12/31/07)	168,060
WV American Cost Per Customer	$ 55

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

Twenty-three utility holding companies filed a Form 60 for 2007. All but two were included in the comparison group. The service company for PNM Resources, Inc. was excluded because its 2007 service company cost per regulated utility customer was clearly an anomaly as a negative number. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies did not provide numbers for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

Schedule 11 compares the services provided by American Water's Service Company to the services provided by comparison group service companies. In general, the types of services provided by American Water's Service Company are similar to those provided by comparison group service companies.

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (p. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (e.g., accounting, information technology) and type of cost (e.g., labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in American Water Service Company's 2007 charges to WV American:

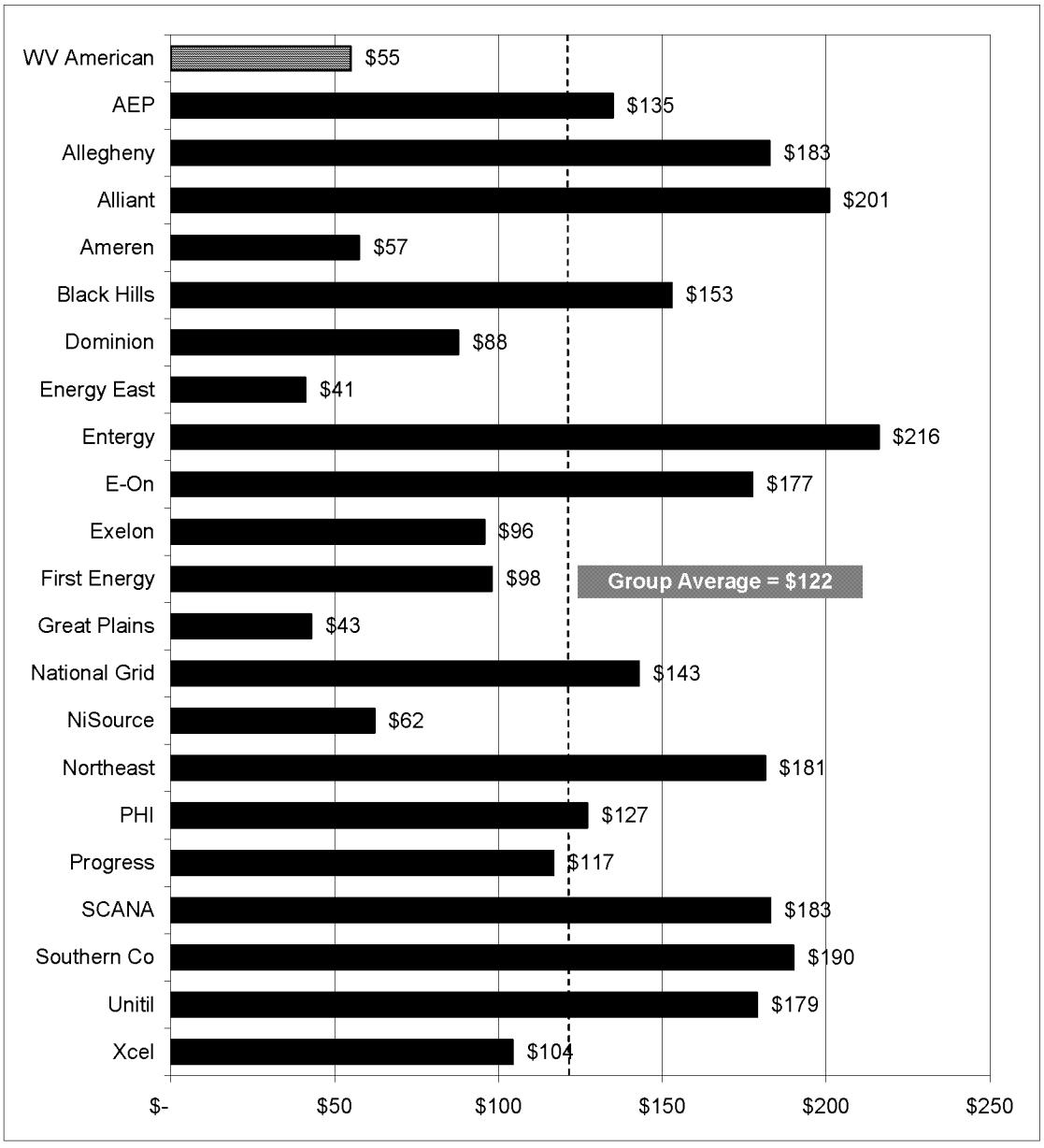
- All electric- and gas-related services
- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411) and investment tax credit (account 411.5).
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430) and other interest expense (account 431)

Comparison group service company 2007 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

Schedule 12 shows WV American's 2007 Service Company cost per customer of $55 to be considerably lower than the average of $122 per customer for the comparison group service companies. Only 2 of 21 comparison group service companies had a lower 2007 cost per customer than WV American. These results further support the conclusion that the Service Company's 2007 charges to WV American were reasonable.

West Virginia American Water Company
Analysis of Service Company Services

	American Water	AEP	Allegheny	Alliant	Ameren	Black Hills	Dominion	Energy East	Entergy	E-On	Exelon	First Energy	Great Plains	National Grid	NiSource	Northeast	PHI	Progress	SCANA	Southern Co	Unitil	Xcel
Accounting	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X	X	X
Audit Services	X	X	X	X		X	X	X		X		X	X	X	X	X		X		X		X
Corporate Planning	X	X	X		X	X	X			X		X		X	X	X		X	X			X
Customer Service	X	X	X	X		X	X			X	X	X		X	X	X	X		X		X	X
Engineering	X	X		X										X	X	X				X	X	X
Environmental		X		X	X		X			X		X		X	X		X		X	X		
Executive	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
External Affairs	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Facilities Management				X							X	X		X					X			X
Finance	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Human Resources	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Information Technology	X	X	X	X	X	X	X		X	X	X	X		X	X		X	X	X	X	X	X
Investor Relations		X		X		X	X					X			X	X		X	X			X
Legal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Operations	X													X	X	X						
Regulatory Services	X	X	X	X	X	X	X	X		X	X	X		X	X	X		X	X		X	X
Risk Management	X	X	X			X	X			X		X		X	X							X
Security			X							X	X											
Service Co Overhead		X			X	X	X			X	X		X		X	X	X					
Shared Services	X	X			X	X	X			X	X			X	X	X		X				
Supply Chain	X	X	X	X	X		X			X	X	X		X	X		X		X	X		X
Transportation Services				X						X												X
Treasury	X		X		X		X			X		X		X	X	X		X				
	17	17	15	16	14	15	17	8	7	19	14	17	8	19	20	16	10	13	13	11	7	17


WV American
AEP
Allegheny
Alliant
Ameren
Black Hills
Dominion
Energy East
Entergy
E-On
Exelon
First Energy
Great Plains
National Grid
NiSource
Northeast
PHI
Progress
SCANA
Southern Co
Unitil
Xcel
$55
$135
$183
$201
$57
$153
$88
$41
$216
$177
$96
$98
$43
$143
$62
$181
$127
$117
$183
$190
$179
$104
Group Average = $122
$-
$50
$100
$150
$200
$250

WITNESS: P.BARYENBRUCH

LONG ISLAND AMERICAN WATER

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), Pacific Gas & Electric Company and Southern California Edison.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by American Water Service Company ("Service Company") during 2006 to Long Island American Water (LIAW). This study was undertaken in conjunction with LIAW's rate case and is accurate and realiable to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions. First, was LIAW charged the lower of cost or market for managerial and professional services provided by the Service Company during 2006? Second, were the 2006 costs of the Service Company's customer accounts services, including those of the National Call Centers, reasonable? Third, are the services LIAW receives from Service Company necessary?

6. Q. What conclusions were you able to draw concerning question number 1, whether LIAW was charged the lower of cost or market services provided by the Service Company?

A. I was able to draw the following conclusions:

(1) LIAW was charged the lower of cost or market for managerial and professional services during the 12 months ended December 31, 2006.

(2) On average, the hourly rates for outside service providers are 59% higher than the Service Company's hourly rates.

(3) The managerial and professional services provided by the Service Company are vital and could not be procured externally by LIAW without careful supervision on the part of LIAW. If these services were contracted entirely to outside providers, LIAW would have to add at least one position to manage activities of outside firms. These positions would be necessary to ensure the quality and timeliness of services provided.

(4) If all the managerial and professional services now provided by the Service Company had been out-sourced during the 12-months ended December 31, 2006, LIAW and its ratepayers would have incurred an additional $1.8 million in expenses. This amount includes the higher cost of outside providers and the cost of a LIAW position needed to direct the outsourced work.

(5) This study's hourly rate comparison actually understates the cost advantages that accrue to LIAW from its use of the Service Company. Outside service providers generally bill for every hour worked. Service Company personnel, on the other hand, charge a maximum 8 per day even when they work more. If the overtime hours of Service Company personnel had been factored into the hourly rate calculation, the Service Company would have had an even greater annual dollar advantage than the $1.8 million cited above.

(6) It would be difficult for LIAW to find local service providers with the same specialized water industry expertise as that possessed by the Service Company staff. Service Company personnel spend substantially all their time serving operating water companies. This specialization brings with it a unique knowledge of water utility operations and regulation that is most likely unavailable from local service providers.

(7) Service Company fees do not include any profit markup. Only its actual cost of service is being recovered from LIAW ratepayers.

7. Q. What is your conclusion regarding the reasonableness of the costs of the National Call Center that provides service to LIAW?

A. I was able to determine that the cost of the Service Company's customer accounts services, including those provided by the National Call Center, is below the average of the comparison group of neighboring electric utilities. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of LIAW. During the 12-months ended December 31, 2006, the customer accounts cost for LIAW customers was $26.98 compared to the 2005 average of $29.32 for neighboring electric utilities. The highest comparison group per customer cost was $77.79 and the lowest $13.83.

9. Q. What conclusions were you able to draw concerning the necessity of the services LIAW receives from the Service Company?

A. I was able to draw the following conclusions:

(1) The services that the Service Company provides are necessary and would be required even if LIAW were a stand-alone water utility.

(2) There is no redundancy or overlap in the services provided by the Service Company to LIAW. For all of the services listed in Schedule 11 of my study, there was only one entity that was primarily responsible for the service.

10. Q. Does this complete your testimony?

A. Yes.

Atlanta Gas Light Company

Market Cost Comparison For AGL Services Company Charges During The Year Ended September 30, 2009

Baryenbruch & Company, LLC

Atlanta Gas Light Company
Market Cost Comparison For AGL Services Company Charges
During The Year Ended September 30, 2009

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Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by AGL Services Company (AGSC) to Atlanta Gas Light Company (AGLC), each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2009:

1. Were AGSC's charges to AGLC during the 12-months ended September 30, 2009 reasonable compared to other utility service companies?

2. Was AGLC charged the lower of cost or market for managerial and professional services provided by the AGSC during the test period?

3. Are the services AGLC receives from AGSC necessary?

Study Results

Concerning question 1, the following conclusion was reached:

AGSC's costs for the 12 months ended September 30, 2009 per AGLC customer were reasonable. During that period, AGLC was charged $38 per customer for administrative and general ("A&G")-related services provided by the Services Company. This compares favorably to costs per customer for electric and combination electric/gas service companies that average $100 for service companies reporting to the Federal Energy Regulatory Commission ("FERC"). Only 2 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower A&G cost per customer than AGLC's charges from AGSC.

Concerning question 2, the following conclusions can be drawn from this study:

- AGLC was charged the lower of cost or market for managerial and professional services during the 12-months ended September 30, 2009.

- On average, the hourly rates for outside service providers are 62% higher than the AGSC's hourly rates.

- If all the managerial and professional services now provided by AGSC had been outsourced during the 12-months ended September 30, 2009, AGLC and its ratepayers would have incurred $42 million in additional expenses.

- AGSC fees do not include any profit markup. Only its actual cost of service is being recovered from AGLC ratepayers.

Concerning question 3, the following conclusions were drawn:

- The services that AGSC provides are necessary and would be required even if AGLC were a stand-alone utility.

- In addition, there is no redundancy or overlap in the services provided by AGSC to AGLC. Based on an analysis of the structures and employee positions of AGSC and AGLC, it is clear that functions are distinctly organized with no duplication of activities.

Overview of AGL Resources Inc.

AGSC is a wholly owned subsidiary of AGL Resources Inc. (AGLR), an energy services holding company whose principle business is the distribution of natural gas to approximately 2.2 million end-use customers in Georgia, Virginia, Tennessee, New Jersey, Florida and Maryland. AGLR's principal subsidiaries are shown below.

Segment	Businesses
Distribution Operations	• Atlanta Gas Light Company • Chattanooga Gas Company • Elizabethtown Gas Company • Elkton Gas Company • Florida City Gas Company • Virginia Natural Gas, Inc.
Retail Energy Operations	• SouthStar Energy Services
Wholesale Energy Services	• Sequent Energy Management • Compass Energy Services
Energy Investments	• AGL Networks • Golden Triangle Storage • Jefferson Island Storage & Hub, LLC
Energy Services	• AGL Energy Services

Source: AGL Resources (http://www.aglresources.com)

AGSC follows a service company model used by many utility holding companies that own multiple regulated utilities. By consolidating executive, management and professional services into a single service company, utility holding companies are able to realize the following benefits for ratepayers:

- Purchasing Economies – Common expenses (e.g., insurance, piping) can be procured on a much larger scale thereby providing greater bargaining power for the combined entity compared to individual utility operating companies. A service company facilitates corporate-wide purchasing programs through its procurement and contract administration functions.

- Operating Economies of Scale – A service company is able to deliver services more efficiently because workloads can be balanced across more persons and facilities. For instance, AGSC is able to maintain one principal data center for the entire corporation. This is much more cost-efficient than each operating utility funding their own data center with its large fixed hardware, software and staffing costs.

- Continuity of Service – Centralizing service company personnel who perform similar services facilitates job cross-training and sharing of knowledge and expertise. This makes it easier to deal with staff turnover and absences and to sustain high levels of service to operating utilities. An individual operating utility might experience considerable disruption if a key professional left and it was necessary to hire outside to fill the vacancy.

- Maintenance of Corporate-Wide Standards – Personnel in AGSC establish standards for many functions (e.g., engineering designs, operating procedures and maintenance practices). It is easier to ensure these standards are followed by every operating utility because their implementation is overseen by AGSC.

- Improved Governance – AGSC provides another dimension of management and financial oversight that supplements local operating utility management. The Services Company facilitates standard planning and reporting that help ensure operating utilities meet the requirements of their customers in a cost effective manner.

- Retention of Personnel – A service company organization provides operating utility personnel with another career path beyond what may be available on a local level. These opportunities tend to improve employee retention.

AGSC follows the model for other utility service companies in another important regard. Its services are provided to affiliate operating utilities, like AGLC, at cost. AGSC is not a profit-making entity. It assigns only its actual expenses to the AGLR subsidiaries it serves.

AGSC provides affiliate companies, including AGLC, with management and administrative services listed below and defined in Schedule 1.

Rates and regulatory	Information systems and technology
Internal auditing	Executive
Strategic planning	Investor relations
External relations	Customer services
Gas supply and capacity management	Employee services
Legal services and risk management	Engineering
Marketing	Business support
Financial services	Other

Schedule 2 lists the regulated and non-regulated affiliate entities that are provided service by AGSC.

Services provided by AGSC to AGLC are governed by a services agreement executed on July 9, 2008.

Atlanta Gas Light Company
Definition Of AGL Services Company Services

Rates and Regulatory	AGSC assists the AGLR System Companies in the analysis of their rate structures and in the formulation of rate policies and advises and assists AGLR System Companies in proceedings before regulatory bodies involving the rates and operations of AGLR System Companies and of other competitors where such rates and operations directly or indirectly affect the AGLR System Companies. AGSC also assists AGLR System Companies by analyzing pipeline safety, environmental and safety regulations; writing the appropriate procedures to assist the system companies to stay in compliance with those regulations; providing internal reviews to assure operational, environmental and safety compliance; assisting in work with state and federal pipeline safety regulators and managing leak survey, pipeline integrity, locate and right of way contractors.
Internal Auditing	AGSC performs periodic reviews of operational, compliance, financial and information systems for AGLR System Companies.
Strategic Planning	AGSC advises and assists AGLR System Companies with the preparation of strategic business plans and corporate strategies.
External Relations	AGSC maintains relationships with government policy makers, conducts lobbying activities and provides community relations support.
Gas Supply and Capacity Management	AGSC provides gas control, scheduling, capacity planning and monitoring services. AGSC manages a centralized gas control center which provides natural gas delivery for natural gas distribution affiliates. AGSC also provides scheduling functions between the natural gas distribution affiliates and the pipelines for their daily supply. AGSC provides capacity planning services for each natural gas distribution affiliate including identifying present and future gas requirements to meet the needs of each natural gas distribution affiliate. AGSC provides monitoring of natural gas storage facilities and telecommunications networks. AGSC also coordinates the management of gas supply for natural gas distribution affiliates who offer retail services and coordinates gas transmission and storage services for all natural gas distribution affiliates to ensure the most efficient use of services and to capture economies of scale as a larger purchaser in the4 market. Individually, natural gas distribution affiliates may, however, remain as the contract party under any agreement.
Legal Services and Risk Management.	AGSC provides various legal services and general legal oversight. In addition, AGSC provides insurance, claims, security, environmental and safety related services and performs corporate secretarial functions.
Marketing	AGSC assists AGLR System Companies by providing analysis, implementation and maintenance of line extension policies, by providing analysis of tariff rates in response to customer needs and by developing marketing strategies and programs.
Financial Services	AGSC provides various services to AGLR System Companies including corporate tax, treasury, corporate accounting and reporting, general ledger maintenance and all accounting recordkeeping, processing certain accounts such as accounts payable, cash management, and others as may be deemed necessary, including hedging policy and oversight, financial planning and regulatory support (for all natural gas distribution affiliates and other AGLR System Company that interact with regulators or regulated companies) . Each AGLR System Company may also maintain its own corporate and accounting group and engage AGSC to provide advice and assistance on accounting matters, including the development of accounting practices, procedures and controls, the preparation and analysis of financial reports and the filing of financial reports with regulatory bodies, on a system-wide basis.

Atlanta Gas Light Company
Definition Of AGL Services Company Services

Information Systems and Technology	AGSC provides the AGLR System Companies with production support of web, mainframe and distributed computing applications, servers and networks. Also, provides deskside asset management, disaster recovery, data network, application security and voice communications services.
Executive	AGSC utilizes the executive staff of AGLR in order to assist the AGLR System Companies in formulating and executing general plans and policies, including operations, issuances of securities, appointment of executive personnel, budgets and financing plans, expansion of services, acquisitions and dispositions of property, public relationships and other related matters.
Investor Relations	AGSC maintains relationships with the financial community, provides shareholder services for the benefit of AGLR System Companies.
Customer Services	AGSC provides billing, mailing, remittance processing, call center and customer communication services for customers; by providing credit and collections support and analysis; by providing support for response to customer complaints and by providing customer service surveys to improve service and efficiency.
Employee Services	AGSC assists AGLR System Companies in developing employee relations policies and programs, and training personnel in a coordinated manner throughout the AGLR System Companies. Each AGLR System Company may maintain a human resources group to handle the individualized application of policies and programs. AGSC also provides payroll services, management of the employee benefit plans and employee communications
Engineering	AGSC provides engineering services for the AGLR System Companies. These services include infrastructure expansion and improvements, system analysis and modeling, GIS mapping and updates and maintenance and general engineering expertise.
Business Support – Purchasing	AGSC provides procurement services to AGLR System Companies.
Business Support – Facilities Management	AGSC provides facilities management services for offices owned by AGLR System Companies.
Business Support – Fleet	AGSC provides fleet services for vehicles owned or leased by AGLR System Companies.
Business Support – Other	AGSC provides other services to AGLR System companies such as records management, media and visual services and business process services.
Other	AGSC provides other services, such as business development, as requested by AGLR System Companies.

Schedule 2

Atlanta Gas Light Company
Affiliates Served By AGL Services Company

Regulated	Appliance Bus NJ Service Atlanta Gas Light Company Chattanooga Gas Company Elizabethtown Gas Company Elkton Gas Services Company Florida City Gas Company Jefferson Island Storage & Hub, LLC Pivotal Utility Holdings, Inc. Virginia Natural Gas, Inc.
FERC Regulated	Golden Triangle Inc.
Non-Regulated	AGL Capital Corporation AGL Capital Trust AGL Capital Trust II AGL Energy Corporation AGL Investments, Inc. AGL Networks, LLC AGL Peaking Services, Inc. AGL Resources, Inc. Compass Energy Services Inc. Customer Care Services Company Distribution Operations Corporation Energy Risk Integrated Svcs Corporation Georgia Natural Gas Company Global Energy Res Insurance Company NUI Capital, Inc. NUI Energy Brokers, Inc. NUI Headquarters Pivotal Energy Services, Inc. Pivotal LNG LLC Pivotal Propane of Virginia, Inc. Sequent Energy Canada Corporation Sequent Energy Mngmt, LP-Corporation Sequent Holdings, LLC Sequent, LLC Utilipro Services, LLC

AGSC Cost Assignment Process

AGSC provides services to operating companies at cost, as stipulated in the current services agreement with AGLC. Within its accounting system, AGSC identifies its service costs through "account codes" including cost centers, account numbers, capital projects and O&M projects. This data enables AGSC to accumulate its expenses and properly assign them to the affiliate companies it serves.

To the extent practicable, AGSC expenses are assigned directly to affiliates being served. AGSC expenses that cannot be assigned directly are allocated among affiliates on a basis that is pertinent to the underlying services. The table shows the methods by which such costs of service are allocated to AGSC affiliates.

Service Category	Allocation Basis
Rates and Regulatory	End-Use Customers Ratio
Internal Auditing	Composite Ratio (employees, assets, operating expenses, operating margin)
Strategic Planning	Composite Ratio
External Relations	Composite Ratio
Gas Supply and Capacity Mgmt	End-Use Customers Ratio
Legal Services and Risk Mgmt	Composite Ratio
Marketing	End-Use Customers Ratio
Financial Services	Composite Ratio
Information Services	Composite Ratio
Executive	Composite Ratio
Investor Relations	Composite Ratio
Customer Services	
- Call Center Services	Call/Phone Volume Ratio
- Non-Call Center Services	End-Use Customers Ratio
Employee Services	Employees Ratio
Engineering	End-Use Customers Ratio
Business Support	Composite Ratio

During the 12 months ended September 30, 2009, AGSC billed AGLC $73,953,032. The table below shows the breakdown of these charges by major service category.

Service Category	Year Ended Sep 30, 2008
Customer Services	$ 6,055,415
Employee Services	$ 3,858,581
Engineering	$ 5,649,925
Executive	$ 4,333,637
External Relations	$ 1,111,343
Facilities Mgt	$ 5,120,461
Financial Services	$ 4,844,139
Fleet	$ 481,945
Gas Supply & Capacity Mgmt	$ 8,956,667
Information Services	$ 22,116,724
Internal Audit	$ 615,067
Investor Relations	$ 136,415
Legal Services	$ 3,522,067
Marketing Services	$ 2,173,019
Other	$ 1,878,416
Rates and Regulatory	$ 2,644,645
Supply Chain Management	$ 454,569
Total AGSC Billings to AGL	**$ 73,953,032**

This study's first question question—whether AGSC 12 months ended September 30, 2009 charges were reasonable—was determined by comparing AGLC's A&G-related AGSC charges per customer to the same charges for utility companies that must file the FERC Form 60 – Annual Report of Service Companies. AGLC's per customer cost is compared to Form 60 data from 2008, the latest year available (service companies must file their 2009 Form 60s by May 1, 2010).

The second question—whether AGSC's 12 months ended September 30, 2009 charges were priced at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by AGSC personnel to hourly billing rates that would be charged by outside providers of equivalent services. AGSC costs per hour were based on actual charges to AGLC during the 12 months ended September 30, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by AGSC.

The third question—the necessity of AGSC services—was investigated by defining the services provided to AGLC and determining if these services would be required if AGLC were a stand-alone utility.

AGLC's Service Company Cost Per Customer

During the 12 months ended September 30, 2009, AGLC was charged $38 per customer by AGSC for A&G-related services. As shown in the table below, total non-A&G items are eliminated from total AGSC charges to arrive at this per customer expense.

	12 Months Ended Sep. 30, 2008
Total AGSC Billings to AGL	$ 73,953,032
Less: Non-A&G charges	
Engineering	$ (5,649,925)
Gas Supply & Capacity Mgmt	$ (8,956,667)
Net A&G-related charges	$ 59,346,441
AGLC Customers (12/31/09)	1,549,000
AGSC A&G Per AGL Customer	$ 38

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60, unless exempt, in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

AGLR is a holding company solely because it owns several local distribution companies (LDCs), such as AGLC. However, since AGLR's LDCs are not regulated as natural gas companies under the natural gas act, it has been granted an exemption from filing the Form 60.

For 2008, a Form 60 was filed by 24 utility service companies, all of which serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to those of AGSC, it was necessary to isolate expenses that that they have in common. These include A&G-related charges associated with the following FERC accounts:

901 – Supervision	923 – Outside services employed
907 – Supervision	926 – Employee pensions and benefits
910 – Misc customer service and info expenses	928 – Regulatory commission expenses
911 – Supervision	930.2 – Miscellaneous general expenses
920 - Administrative and general salaries	931 – Rents
921 – Office supplies and expenses	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

IV – Question 1 – Reasonableness of Service Company Charges

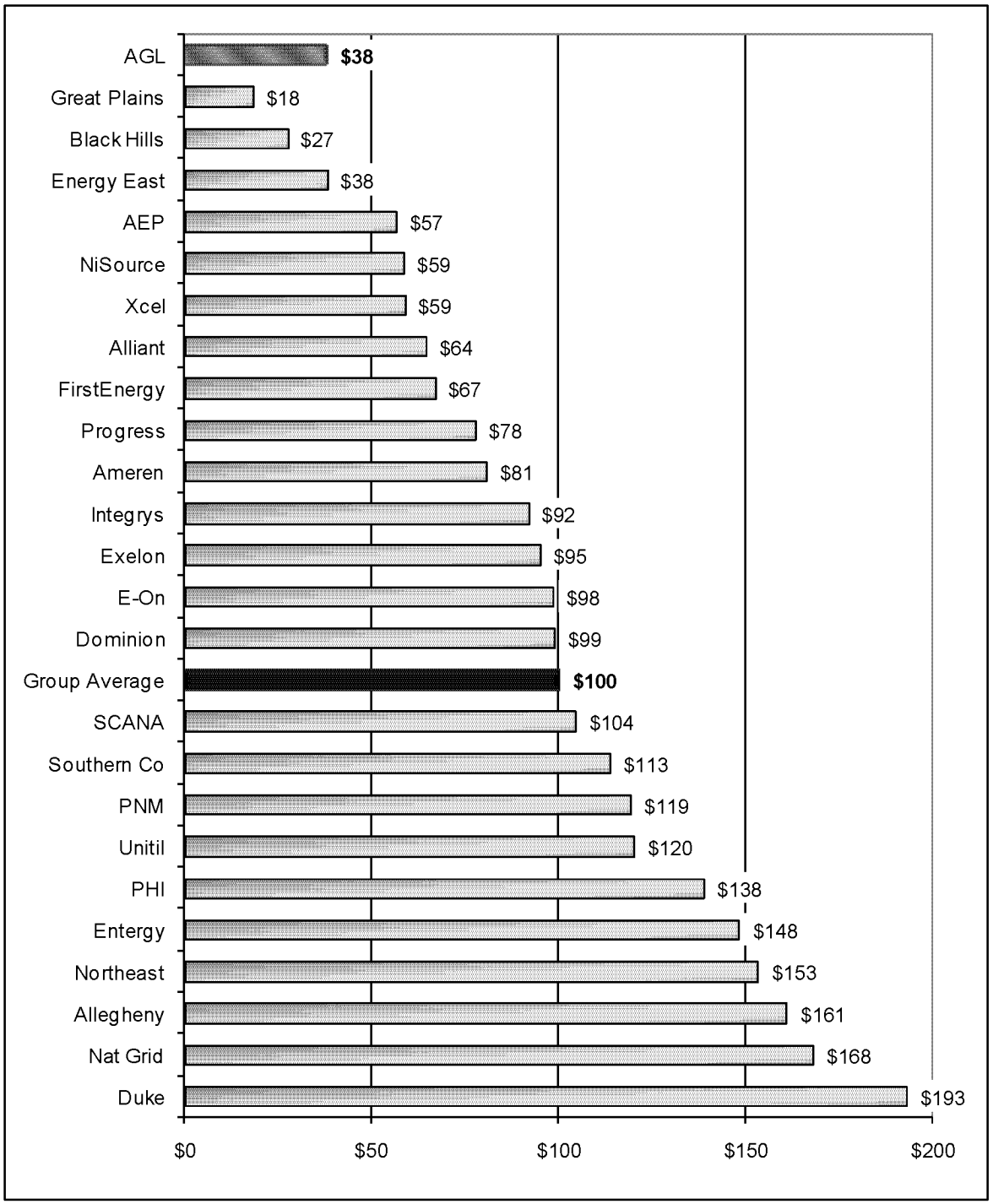
A&G expenses per regulated utility customer for the 24 utility companies that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$294,668,927	5,213,000	$ 57
Allegheny	$253,749,319	1,577,873	$ 161
Alliant	$193,490,730	3,000,000	$ 64
Ameren	$274,235,619	3,400,000	$ 81
Black Hills	$20,763,828	759,400	$ 27
Dominion	$354,805,541	3,588,500	$ 99
Duke	$867,637,977	4,500,000	$ 193
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$399,824,223	2,700,000	$ 148
E-On	$124,335,091	1,263,000	$ 98
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$300,447,188	4,499,000	$ 67
Great Plains	$14,931,821	820,000	$ 18
Integrys	$198,122,209	2,157,000	$ 92
Nat Grid	$1,123,453,901	6,700,000	$ 168
NiSource	$219,382,936	3,750,000	$ 59
Northeast	$253,214,493	1,654,000	$ 153
PHI	$264,432,251	1,910,000	$ 138
Progress	$240,779,760	3,100,000	$ 78
PNM	$102,176,612	859,000	$ 119
SCANA	$148,519,468	1,424,300	$ 104
Southern Co	$499,423,962	4,402,000	$ 113
Unitil	$20,341,422	169,600	$ 120
Xcel	$313,962,261	5,345,000	$ 59
Group Total	**$7,155,101,344**	**71,666,473**	**$ 100**

Schedule 3 shows AGLC's 12 months ended September 30, 2009 AGSC A&G-related cost per customer of $38 is considerably lower than the average of $100 per customer for the comparison group service companies. Only 2 of 24 comparison group service companies had a lower cost per customer than AGLC. Based on this result, it is possible to conclude that AGSC's 12 months ended September 30, 2009 charges to AGLC were reasonable.

Schedule 3

Atlanta Light Gas Company
Comparison of Service Company Annual Costs Per Customer



Comparison Methodology

AGSC's billings to AGLC during the twelve months ended September 30, 2009 were market tested by comparing the cost per hour for AGSC services to those of outside service providers to whom AGSC services could be outsourced. The outside providers selected for comparison were:

- Attorneys – legal services
- Certified Public Accountants – accounting, finance, internal audit, investor relations, information technology and rates and regulatory services
- Professional Engineers – engineering, gas management and operations-related services
- Management Consultants - executive management, external relations, human resources, communications services, marketing

Calculation Of AGSC Hourly Rates

During the twelve months ended September 30, 2009, AGSC billed AGLC $67,897,617 for management and professional-related services. This amount represents all test year charges to AGLC except for Customer Services, which are performed to a large extent by non-exempt AGSC personnel. Schedule 4 shows the designation of the outside provider to which each category of service could be outsourced.

AGSC test year charges were compiled by each of the four outside provider category in Schedule 5. Test year AGSC hours charged to AGLC are compiled by outside provider category in Schedule 6.

Certain adjustments to AGSC test year charges were necessary to properly calculate Services Company hourly rates that are directly comparable to those of outside providers. Schedule 7 shows the amounts for the following three categories of adjustments:

- Outside Services – 12 months ended September 30, 2009 AGSC charges to AGLC include expenses associated with the use of outside professional firms to perform certain corporate-wide services (e.g., legal, financial audit, actuarial services). These professional fees are excluded from the AGSC hourly rate calculation because the related services have effectively been out-sourced already.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rate. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these AGSC charges from the hourly rate calculation.

- Information Technology Infrastructure Expenses – Included in the 12 months ended September 30, 2009 AGSC charges to AGLC are leases, maintenance fees and depreciation related to AGL Resource's enterprise mainframe, server and network infrastructure and corporate business applications. An outside provider that would take over operation of this infrastructure would recover these expenses over and above the labor necessary to operate the data center.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Based on previously described cost and hour data for the twelve months ended September 30, 2009, the AGSC's hourly rates by service provider category are calculated in the table below.

	Outside Provider Category				
	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	Total
Mgmt/Professional Service-Related AGSC Charges (Exhibit 4)	$ 13,354,995	$ 3,522,067	$ 30,811,557	$ 14,606,592	$ 62,295,211
Add: Overhead-Related AGSC Charges (A)	$ 1,198,915	$ 319,337	$ 2,773,191	$ 1,310,963	$ 5,602,406
Less: Excluded Charges (Exhibit 6)	(2,794,379)	(459,750)	(17,170,888)	(982,974)	(21,407,991)
Net Cost Pool Expenses	$ 11,759,531	$ 3,381,654	$ 16,413,860	$ 14,934,580	$ 46,489,626
Total Hours (Exhibit 5)	130,036	27,227	186,119	325,824	669,206
Average Hourly Rate	$ 90	$ 124	$ 88	$ 46	

Note A: Overheads are assigned to the outside provider categories on a prorata basis, as shown below:

	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	Total
Service-Related Charges	$ 13,354,995	$ 3,522,067	$ 30,811,557	$ 14,606,592	$ 62,295,211
Percent of Cost Pool Total	21.4%	5.7%	49.5%	23.4%	100.0%
Total Overhead	$ 5,602,406	$ 5,602,406	$ 5,602,406	$ 5,602,406	
Allocated Overhead	$ 1,198,915	$ 319,337	$ 2,773,191	$ 1,310,963	$ 5,602,406

Schedule 4

Atlanta Gas Light Company
Determination Of Market Testability And Designation Of Outside Providers
For AGSC Management and Professional Services
12-Months Ended September 30, 2009

Service Category	Year Ended Sep 30, 2009	Outside Provider
Employee Services	$ 3,858,581	Management Consultant
Engineering	$ 5,649,925	Professional Engineer
Executive	$ 4,333,637	Management Consultant
External Relations	$ 1,111,343	Management Consultant
Facilities Mgt	$ 5,120,461	Overhead
Financial Services	$ 4,844,139	Certified Public Accountant
Fleet	$ 481,945	Overhead
Gas Supply & Capacity Mgmt	$ 8,956,667	Professional Engineer
Information Services	$ 22,116,724	Certified Public Accountant
Internal Audit	$ 615,067	Certified Public Accountant
Investor Relations	$ 136,415	Certified Public Accountant
Legal Services	$ 3,522,067	Attorney
Marketing Services	$ 2,173,019	Management Consultant
Other	$ 1,878,416	Management Consultant
Rates and Regulatory	$ 2,644,645	Certified Public Accountant
Supply Chain Management	$ 454,569	Certified Public Accountant
AGSC Billings to AGL	$ 67,897,617	

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Schedule 5

Atlanta Gas Light Company
AGSC Amounts Charged AGLC By Outside Service Provider Category
12-Months Ended September 30, 2009

	Outside Provider Category					
Service Category	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	Overhead	Total
Employee Services	$ 3,858,581					
Engineering				$ 5,649,925		
Executive	$ 4,333,637					
External Relations	$ 1,111,343					
Facilities Mgt					$ 5,120,461	
Financial Services			$ 4,844,139			
Fleet					$ 481,945	
Gas Supply & Capacity Mgmt				$ 8,956,667		
Information Services			$22,116,724			
Internal Audit			$ 615,067			
Investor Relations			$ 136,415			
Legal Services		$ 3,522,067				
Marketing Services	$ 2,173,019					
Other	$ 1,878,416					
Rates and Regulatory			$ 2,644,645			
Supply Chain Management			$ 454,569			
Total Cost Pool	$13,354,995	$ 3,522,067	$30,811,557	$14,606,592	$ 5,602,406	$ 67,897,617

Atlanta Gas Light Company
AGSC Hours Charged AGLC By Outside Service Provider Category
12-Months Ended September 30, 2009

	Outside Provider Category				
Service Category	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	
Employee Services	61,900				
Engineering				99,883	
Executive	22,868				
External Relations	9,433				
Facilities Mgt					
Financial Services			55,572		
Fleet					
Gas Supply & Capacity Mgmt				225,941	
Information Services			83,419		
Internal Audit			10,121		
Investor Relations			693		
Legal Services		27,227			
Marketing Services	23,298				
Other	12,537				
Rates and Regulatory			27,855		
Supply Chain Management			8,458		Total
Total Cost Pool	130,036	27,227	186,119	325,824	669,206

Schedule 7

Atlanta Gas Light Company
Excluded AGSC Outside Services Charges
12-Months Ended September 30, 2009

	Outside Provider Category				
Service Category/Outside Expense	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	
Employee Services					
Outside Services	$ 943,672				
Travel Expenses	$ 56,436				
Engineering					
Outside Services				$ 432,232	
Travel Expenses				$ 177,782	
Executive					
Outside Services	$ 1,202,052				
Travel Expenses	$ 120,395				
External Relations					
Outside Services	$ 66,663				
Travel Expenses	$ 26,581				
Financial Services					
Outside Services			$ 828,970		
Travel Expenses			$ 29,124		
Gas Supply & Capacity Mgmt					
Outside Services				$ 307,796	
Travel Expenses				$ 65,165	
Information Services					
Outside Services			$ 6,924,308		
Travel Expenses			$ 37,005		
IT Infrastructure Expenses			$ 8,900,925		
Internal Audit					
Outside Services			$ 16,869		
Travel Expenses			$ 6,879		
Investor Relations					
Outside Services			$ 40,475		
Travel Expenses			$ 10,189		
Legal Services					
Outside Services		$ 406,055			
Travel Expenses		$ 53,695			
Marketing Services					
Outside Services	$ 19,545				
Travel Expenses	$ 59,887				
Other					
Outside Services	$ 245,171				
Travel Expenses	$ 53,977				
Rates and Regulatory					
Outside Services			$ 250,406		
Travel Expenses			$ 110,508		
Supply Chain Management					
Outside Services			$ 9,973		
Travel Expenses			$ 5,256		Total
Total Excluded Outside Expenses	**$ 2,794,379**	**$ 459,750**	**$ 17,170,888**	**$ 982,974**	**$ 21,407,991**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for 3 of the 4 outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among Georgia certified public accounting firms only more experienced staff are predominantly CPAs, as shown in the table below. Some employees of the AGSC also have professional licenses. Thus, it is valid to compare the AGSC's hourly rates to those of the outside professional service providers included in this study.

Position	% In Ga. Who Are CPAs
Partners/Owners	99%
Directors (over 10 years experience)	91%
Managers (6-10 years experience)	89%
Sr Associates (4-5 years experience)	50%
Associates (1-3 years experience)	16%
New Professionals	na

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Management Consultants

The cost per hour for management consultants was developed from a 2009 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2008 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Schedule 8, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. The 2008 average rate was escalated to March 31, 2009—the midpoint of the test year ended September 30, 2009.

Attorneys

The Georgia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Georgia attorneys. Therefore, an estimate of Georgia attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Schedule 9, the average rate for each firm was adjusted for the cost of living differential between its location and Atlanta, Georgia. The Lawyers Weekly surveys included rates in effect at December 31, 2007. This average was escalated to March 31, 2009—the midpoint of the test year ended September 30, 2009.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Certified Public Accountants

The average hourly rate for Georgia certified public accountants was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey come from member firms in Georgia.

As shown in Schedule 10, a weighted average hourly rate was developed based on a set of accountant positions and an assumed percent of time on a typical assignment. This survey includes rate information in effect during 2007. Thus the data had to be escalated to March 31, 2009—the test year's midpoint.

Professional Engineers

AGLC provided hourly rate information for an engineering firm that is sometimes used by the company when outside engineering services are required. As shown in Schedule 11, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Atlanta Gas Light Company
Billing Rates Of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Escalation to the Test Year's Mid-Point (March 31, 2009) (Note B)

CPI at December 31, 2008	210.2
CPI at March 31, 2009	212.7
Inflation/Escalation	1.2%
Average Hourly Billing Rate For Management Consultants At March 31, 2009	**$ 227**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

Atlanta Gas Light Company
Estimated Billing Rates Of Georgia Attorneys

Billing rates as of December 31, 2007 (Note A)								Cost of	
		Number	Billing Rate Range					Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	100%	$ 309
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	100%	$ 361
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	100%	$ 334
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	100%	$ 261
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	75%	$ 372
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	97%	$ 209
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	75%	$ 397
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	86%	$ 256
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	100%	$ 368
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	107%	$ 258
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	107%	$ 191
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	75%	$ 306
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	107%	$ 268
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	74%	$ 357
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	114%	$ 311
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	114%	$ 416
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	114%	$ 310
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	89%	$ 358
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	89%	$ 305
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	114%	$ 288
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	114%	$ 262
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	114%	$ 313
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	114%	$ 423
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	114%	$ 214
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	114%	$ 265
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	106%	$ 272
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	114%	$ 253
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	114%	$ 269
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	114%	$ 218
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	90%	$ 221
							Overall Average 2007 Billing Rate		$ 298

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Billing Rate At March 31, 2009	**$ 302**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Atlanta, Georgia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Atlanta. A number less than 100 % indicates Atlanta's cost of living is higher.

Atlanta Gas Light Company
Billing Rates Of Georgia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 82	$ 106	$ 143	$ 164	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 29	$ 33	**$ 118**

Escalation to Test Year's Mid-Point - March 31, 2009 (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2009	212.7
Inflation/Escalation	1.3%
Average Hourly Billing Rate For CPAs At March 31, 2009	**$ 119**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey

Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.t>

Atlanta Gas Light Company
Billing Rates Of Georgia Engineers

Note: Billing rates were those in effect in 2009

Calculation of Average Hourly Rate by Engineer Level

	Average Hourly Billing Rates			
	Technician	Engineer	Senior Engineer	
Average Hourly Billing Rate by Engineering Position	$74	$91	$102	
Typical Percent of Time on an Engineering Assignment	35%	35%	30%	Weighted Average
	$26	$32	$31	**$88**

Source: Information provided by Atlanta Gas Light Company

AGSC Versus Outside Provider Cost Comparison

As shown in the table below, AGSC's costs per hour during the test year ended September 30, 2009 are considerably lower than those of outside providers.

	Test Year Cost Per Hour Difference		
Service Provider	AGSC	Outside Providers	Difference--AGSC Greater(Less) Than Outside
Management Consultant	$ 90	$ 227	$ (137)
Attorney	$ 124	$ 302	$ (178)
Certified Public Accountant	$ 88	$ 119	$ (31)
Professional Engineer	$ 46	$ 88	$ (42)

As calculated below, based on these cost per hour differentials and the number of hours AGSC billed AGLC during the test year, AGSC's services would have cost $42 million more from outside providers. This is 62% more than AGSC's management and professional services-related charges to AGLC during the test year ended September 30, 2009 ($42,071,875 / $67,897,617 = 62%).

	Test Year Total Cost Difference		
Service Provider	Hourly Rate Difference--AGSC Greater(Less) Than Outside	AGSC Hours Charged	Dollar Difference
Management Consultant	$ (137)	130,036	$ (17,758,746)
Attorney	$ (178)	27,227	$ (4,840,889)
Certified Public Accountant	$ (31)	186,119	$ (5,734,310)
Professional Engineer	$ (42)	325,824	$ (13,737,931)
Net AGSC Less Than Outside Providers			$ (42,071,875)

Analysis of Services

The services that AGSC provides AGLC, summarized in Schedule 12, are necessary and would be required even if AGLC were a stand-alone utility. In addition, there is no redundancy or overlap in the services provided by AGSC to AGLC. Based on that analysis of the structures and employee positions of AGSC and AGLC it is clear that functions are distinctly organized with no duplication of activities.

Governance Practices Associated With AGSC Charges

A number of management practices exist to ensure that AGSC charges to operating companies are appropriate. Specifically, certain review, approval and monitoring activities are performed by AGSC and AGLC personnel that work to control the on-going level of AGSC charges to AGLC. Examples of such governance activities include the following.

- AGSC Oversight – Every operating company president is an officer of AGLR. This gives them a say in major business decisions and the ability to monitor service quality and spending levels.

- AGSC Budget Review/Approval – Each year, AGLR presents its consolidated budget to its Board of Directors for approval. Every operating company president must formally approve its individual budget, which includes AGSC charges for the next year.

- Project Review And Approval – Major projects undertaken by AGSC must first be reviewed by the operating companies that will pay for the initiative. Consultants used on these projects who are hired by AGSC must also be approved by operating companies. This is accomplished by requiring projects be approved by the Management Committee, which includes the presidents of all AGLR operating companies.

- AGSC Budget Variance Reporting – A summary and explanation of year-to-date budget variances is prepared for the entire AGSC on a monthly basis. In addition, a monthly variance report is produced by AGSC budget managers and shows budget versus actual spending for the month and year-to-date by cost category.

- AGLC Budget Variance Reporting – AGLC's monthly budget variance report contains a line item for AGSC charges. In this way, AGSC budget versus actual charges can be monitored by AGLC personnel for the month and year-to-date.

Schedule 12

Atlanta Gas Light Company
Summary of Services Provided by AGSC to AGLC

Construction and Engineering	**Financial Services**
Utility Locating	Corporate Tax
Pipeline Integrity and Cathodic Protection	Customer and Vendor Accounting
Construction Operations	External Reporting
Leak Investigation and Repair	Financial Accounting
Engineering Design	Financial Planning and Analysis
Mapping Services	Fixed Asset Accounting
Safety and Compliance	Gas Accounting
Environmental	Treasury
Asset Protection	**Rates and Regulatory**
Executive/Management	Regulatory Accountiing and Analysis
Gas Supply and Capacity Management	Regulatory Planning
Gas Operations	Regulatory Affairs
LNG Plant Operations	**Legal**
Measurement Operations	Legal Services
SCADA Operations	Risk Management
Capacity Planning	**Supply Chain Management**
Facilities	Bid Solicitation
Marketing	Contract Administration
Business Development	Materials Management
Wholesale Services	Ordering
Sales Services and Administration	**Employee Services**
Channel Development	Benefits
Marketing Services and Administration	Labor Relations
Internal Auditing	Payroll Services
Investor Relations	Talent Acquisition
External Relations	Talent Management
Governmental Affairs	Training
Economic Development	Compensation
Other	**Fleet**
Corporate Compliance	**Information Systems Services**
Corporate Secretary	Mainframe Support
Corporate Communications --	Applications Support
Community Affairs	Network Services
Customer Communitcations	Network Engineering
Employee Communitcations	Desktop Support
Public Affairs	Network Security
	Help Desk

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

PREFILED DIRECT TESTIMONY OF
PATRICK L. BARYENBRUCH

ON BEHALF OF
ATLANTA GAS LIGHT COMPANY
DOCKET NO. 31647-U

1. Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

2. Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979. I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

3. Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

4. Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by AGL Services Company (AGSC) during the 12 months ended September 30, 2009 to Atlanta Gas Light Company (AGLC). This study was undertaken in conjunction with AGLC's rate case and is true to the best of my knowledge and belief. It is included with my testimony as AGLC Exhibit No._____(PB-1).

5. Q. What were the objectives of your study?

A. This study was undertaken to answer three questions concerning the services provided by AGSC to AGLC, each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2009. First, were AGSC's charges

to AGLC during the 12-months ended September 30, 2009 reasonable compared to other utility service companies? Second, was AGLC charged the lower of cost or market for managerial and professional services provided by AGSC during the 12 months ended September 30, 2009? Third, are the services AGLC receives from AGSC necessary?

6. Q. What conclusion were you able to draw concerning question number 1, whether the AGSC charges to AGLC were reasonable?

A. AGSC's costs for the 12 months ended September 30, 2009 per AGLC customer were reasonable. During that period, AGLC was charged $38 per customer for administrative and general ("A&G")-related services provided by the Services Company. As shown graphically in my AGLC Exhibit No.____(PB-2), this compares favorably to annual costs per customer for electric and combination electric/gas service companies that average $100 for service companies reporting to the Federal Energy Regulatory Commission ("FERC"). Only 2 of the 24 utility service companies that filed a FERC Form 60 for 2008 had a lower A&G cost per customer than AGLC's charges from AGSC.

7. Q. Please describe the two service companies that have a lower per customer costs than AGSC

A. The lowest cost service company at $18 per customer was Great Plains Energy Services Incorporated, a subsidiary of Great Plains Energy. This service company provides services to a single regulated electric utility, Kansas City Power & Light and to other non-regulated affiliate companies.

The second lowest cost service company at $27 per customer was Black Hills Service Company, LLC, which is part of Black Hills Energy. This service company provides services to three affiliated electric and gas utilities in Wyoming, Colorado, Iowa, Kansas and Nebraska.

Neither of these companies have been my clients in the past so I do not know the degree to which services have been concentrated into their service companies.

8. Q. Have you performed consulting work for any of the other comparison group service companies that have centralized services to the same extent as AGSC?

A. Corporate services are highly centralized within AGSC. I have performed consulting services for six comparison group utilities

whose service companies are similarly structured. Those utility companies are: Allegheny, Dominion, Duke Energy, Entergy, NiSource and Progress Energy. As shown in my AGLC Exhibit No.____(PB-3), AGSC's $38 annual cost per customer compares favorably to the $122 annual average for this group of similarly structured service companies.

8. Q. What conclusions were you able to draw concerning question number 2, whether AGLC was charged the lower of cost or market services provided by AGSC?

A. I was able to draw the following conclusions:

(1) AGLC was charged the lower of cost or market for managerial and professional services during the 12-months ended September 30, 2009.

(2) On average, the hourly rates for outside service providers are 62% higher than the AGSC's hourly rates.

(3) If all the managerial and professional services now provided by AGSC had been outsourced during the 12-months ended September 30, 2009, AGLC and its

ratepayers would have incurred $42 million in additional expenses.

(4) AGSC fees do not include any profit markup. Only its actual cost of service is being recovered from AGLC ratepayers.

9. Q. What conclusions were you able to draw concerning question number 3, whether the services AGLC receives from AGSC are necessary?

A. I was able to draw the following conclusions:

(1) The services that AGSC provides are necessary and would be required even if AGLC were a stand-alone utility.

(2) In addition, there is no redundancy or overlap in the services provided by AGSC to AGLC. Based on an analysis of the structures and employee positions of AGSC and AGLC, it is clear that functions are distinctly organized with no duplication of activities.

10. Q. Does this complete your testimony?

A. Yes.

Columbia Gas of Virginia, Inc.

2006 Affiliate Company Charges
Market Cost Comparison

April 2007

Baryenbruch & Company, LLC

Columbia Gas of Virginia, Inc.
2006 Affiliate Company Charges Market Cost Comparison

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I - Introduction

Purpose Of This Study

This study was undertaken to determine if the services provided to Columbia Gas of Virginia, Inc. ("CGV") by affiliate companies during 2006 were performed at the lower of cost or market. Affiliates that provide CGV with services include NiSource Corporate Services Company ("NCSC") and several NiSource operating companies. NCSC provides CGV with management, professional and technical services while the NiSource operating companies provide CGV with construction, operations and customer account services.

This study was also designed to address whether services provided by CGV to affiliates were priced at the higher of cost or market.

Study Conclusion

Outside service providers (i.e., market) were found to be 41% more expensive than NCSC. The services provided to CGV by NCSC during 2006 would have cost an additional $7.9 million if they had been performed by outside service providers.

Services from affiliate operating companies could not be compared to outside service providers due to a lack of publicly available outside service provider rate information. However, it was possible to compare CGV's customer accounts expense per customer to those of electric utilities in Virginia and neighboring states. This comparison showed CGV's cost to be considerably less than the electric utility group average. For 2006, the average cost per customer for customer accounts services from CGV affiliates was $25.83 compared to the 2005 average of $28.01 for neighboring electric utilities.

This study subjected all 2006 NCSC's service-related charges and 11% of affiliate operating companies' service-related charges to a market cost comparison. This sample size is sufficient to support the affiliate's total charges to CGV during 2006.

Based on this study's results, it is apparent that CGV's 2006 affiliate company charges are priced at the lower of cost or market.

CGV's service-related charges to affiliates are not significant (less than $300,000 in labor-related expenses). Affiliates are charged at CGV's fully loaded cost. The majority of these services are construction-related and not easily benchmarked to publicly available outside provider hourly rate information. For these reasons, no market testing was performed on these transactions.

II - Background

Overview Of CGV Affiliate Company Services

NCSC provides the following types of services to NiSource operating companies, including CGV:

- Accounting
- Payroll
- Auditing
- Employee benefits
- Planning
- Risk management
- Tax
- Legal
- Environmental
- Financial
- Information technology
- Telecommunications.

In June 2005, NCSC reached a definitive 10-year agreement with IBM under which IBM will provide a broad range of business transformation and support services to NiSource. Previously, employees of NCSC had performed many of these functions, including human resources, finance and accounting, supply chain (procurement), customer contact centers, meter-to-cash and information technology

NCSC Billing of Affiliate Companies

NiSource Corporate Services was regulated by the Security Exchange Commission ("SEC") under the Public Utility Holding Company Act of 1935 ("PUHCA") until February 8, 2006, when the Energy Policy Act of 2005 took effect. The 2005 Act transfers regulatory jurisdiction over public utility holding companies from the SEC to the Federal Energy Regulatory Commission ("FERC"). Corporate Services continues to follow the SEC Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, until January 1, 2008, after which FERC requires service companies to move to FERC's Uniform System of Accounts. In addition, Corporate Services uses a job order system to collect costs which are applicable and billable to affiliates, including Columbia Gas of Virginia. Each job order details the affiliate(s) to be charged for the specified services and the basis for allocating charges when more than one affiliate receives the same service. Allocations among affiliates are made when it is impractical to charge an affiliate directly.

NCSC is obligated to bill affiliates at cost in accordance with SEC Rules 90 and 91 under PUHCA. The service agreement between CGV and NCSC stipulates that all services will be provided at cost.

Two types of bills are issued to affiliates: contract billing and convenience billing. Contract billing, which is identified by job order, represents the labor and expenses billed to an affiliate. These are costs incurred by NCSC to render services at the affiliate's request. Contract charges may be direct or allocated depending on the nature of the expense.

Convenience billings are rendered when NCSC makes payment to one vendor for goods or services that benefit one or more affiliate. Convenience bills generally represent outside services that are routinely performed on behalf of affiliates on an ongoing basis, for which each affiliate is billed their proportional share.

The relationship between NCSC and CGV is set forth in a service agreement which was approved by the Virginia State Corporation Commission on September 21, 2005.

Affiliate Operating Company Billing of Other Affiliates

Besides NCSC, other affiliate entities charge CGV for various goods and services. These items are charged to CGV at fully loaded cost.

2006 Affiliate Entities Charges

During 2006, affiliate entities charged CGV approximately $144 million.

Affiliate Entity		Total
NiSource Corporate Services	$	102,313,768
Columbia Gulf Transmission	$	1,979,443
Columbia Network Services	$	8,208
Columbia Gas of Kentucky	$	379,067
Columbia Gas of Ohio	$	6,187,847
Columbia Gas of Maryland	$	4,041
Columbia Gas of Pennsylvania	$	286,085
Columbia Gas Transmission	$	19,781,657
NiSource, Inc.	$	4,727,996
NiSource Finance	$	7,183,590
Nisource Money Pool	$	1,608,727
Total	$	144,460,429

III – Market Cost Comparison Approach

Charges From Affiliates

CGV's 2006 charges from affiliate entities were analyzed to determine which could be subjected to a market cost comparison. The table below shows the amounts charged CGV during 2006 by type of transaction. The first three items—Interest on Debt and Taxes, Gas Purchase and Transportation Expense, and Convenience Billings and Payroll—do not involve the provision of services.

		Market Cost Testing Disposition		
Type of Transaction	2006 Affiliate Charges To CGV	Involves A Service?	Market Data Available?	Included In This Study?
Interest on Debt and Taxes	$ 8,792,317	No	na	No
Gas Purchase and Transportation Expenses	$ 21,521,840	No	na	No
Convenience Billings and Payroll	$ 81,098,862	No	na	No
Contract Services	$ 19,129,744	Yes	Yes	Yes
Billings From Other Affiliates - Balance Sheet Accts	$ 11,014,178	Limited	No	No
Billings From Other Affiliates - Income Statement Accts	$ 2,903,488	Limited	Yes	Yes/No
Total 2006 Affiliate Company Billings	**$ 144,460,429**			

Contract Services charges are for management, professional and technical services. Market cost information is available for outside providers of these services. Thus, it is possible to compare NCSC's cost of services to those of outside providers. This study converts NCSC's 2006 corporate services charges to costs per hour and compares those to the costs per hour charged by outside providers. See Chapter IV for this cost comparison.

NiSource regulated operating companies will sometimes support one another in times of emergency or when one's current backlog exceeds its available resources. This sharing arrangement is meant to reduce the cost of service for all ratepayers. The Billings From Other Affiliates line items in the table above relate to this shared support arrangement.

The majority of Billings From Other Affiliates – Balance Sheet charges are for the following:

- CGV's share of major IT project costs (e.g., PeopleSoft upgrade, time and labor reporting, expense reporting) charged by NCSC for $2.1 million
- Construction related costs charged by Columbia Gas of Ohio for $4.0 million
- CGV's portion of OPEB-costs charged by NiSource, Inc. for $4.7 million.

Of over $11 million in total Billings From Other Affiliates – Balance Sheet, only $341,000 was for labor-related services, most of which were construction-related. No publicly-available market rate information was found for outside providers of these construction services. Thus, this study could not subject these 2006 charges to a market cost comparison.

Billings From Other Affiliates - Income Statement-related transactions are for gas transportation expenses, and two categories of service expenses--operations services and customer account services. Of the $2.9 million in these charges, approximately $515,000 was for labor-related services. No publicly-available market rate information was found for providers of operations-related services (e.g., craft-type services performed by operators and technicians performing day-to-day activities or providing emergency assistance). Thus, this study did not subject 2006 operations-related charges to a market cost comparison. Publicly-available market rate data was also unavailable for customer account services (e.g., bill printing, collections). However, it was possible to assess the reasonableness of CGV's customer account services-related expenses by comparing them to those of neighboring electric utilities. Electric utility customer account expenses were obtained for this comparison from the FERC Form 1. See Chapter V for this cost comparison.

Charges To Affiliates

CGV charged affiliates approximately $3.1 million during 2006, as shown below.

	2006 Charges From CGV
Billings to Other Affiliates - Balance Sheet Accounts	$ 2,755,518
Billings to Other Affiliates - Income Statement Accounts	$ 328,277
Total Charges To Affiliates	**$ 3,083,795**

Balance Sheet-related billings consist of construction-related work CGV performed for affiliate operating companies. Approximately $193,000 of these charges was labor/service-related.

Income Statement-related billings consists of rent charged to NCSC for its employees located in CGV's Chester, Virginia offices and charges for a variety of services CGV provided to affiliate operating companies. This cost sharing arrangement ultimately provides system ratepayers with lower costs of service. Here too, a relatively small portion of these charges were labor related ($91,000).

CGV charges affiliates its fully loaded cost for these items. No market testing was performed on 2006 charges to affiliates because the costs that are service-related are not material.

IV – NiSource Corporate Services Company Market Cost Comparison

Methodology

NCSC's 2006 corporate services-related billings to CGV are market tested by comparing the cost per hour for NCSC services to those of outside service providers to whom these duties could be assigned.

The first step was to determine which types of outside providers could assume Service Company services. Based on the nature of these services it was determined that the following outside service providers could perform the categories of services indicated.

- Attorneys - corporate secretarial and legal services
- Certified Public Accountants - accounting, finance, information systems and rates and regulatory
- Professional Engineers – engineering and operations services
- Management Consultants - executive and administrative management, risk management services, human resources and communications services

The next step was to calculate NCSC's hourly rate for each of the four outside service provider categories, based on the dollars and hours charged to CGV during the 12-months ended December 31, 2006.

Hourly billing rates for outside service providers were next determined using information from pertinent surveys.

Finally, the NCSC's average cost per hour was compared to the average cost per hour for outside providers.

NCSC Hourly Rates

The first step in determining NCSC's hourly rates is to determine the appropriate expenses to be included in the calculation. As shown below, certain NCSC charges were excluded from the hourly rate calculations. Excluded cost elements are charges that are, in effect, already outsourced (e.g., IBM outsourcing, outside services expenses) or items that an outside provider would not typically recover in their hourly rates (e.g., travel expenses). The net result of these adjustments is the total applicable cost pool that is subjected to the lower-of-cost-or-market testing.

2006 Total Contract Billings from NCSC		$ 19,129,744
Less:	Excludable Cost Elements:	
	2504 - Expert Witness Fees	$ (24,537)
	3000 - Consulting Services	$ (138,160)
	3001 - Advertising Services	$ (7,518)
	3002 - Legal Services	$ (924,901)
	3003 - Auditing Services	$ (13,019)
	3007 - Laboratory Services	$ (9)
	3011 - Temporary Personnel Services	$ (101,344)
	3012 - Security Services	$ (8,991)
	3015 - Other Outside Services	$ (281,647)
	3016 - Other Maintenance Services	$ (63)
	3030 - Outsourcing - Est. Fixed Costs	$ (3,882,711)
	3031 - Outsourcing - Variable Costs	$ (255,386)
	3032 - Transition Costs	$ (659,396)
	3033 - Sales Tax	$ (92,829)
	3034 - Capitalized Portion - Inflights	$ 265,490
	3035 - Supplemental Contract Costs	$ (770,267)
	3036 - Service Level Agreements	$ 147,746
	3037 - Miscellaneous Reimbursements	$ 194,740
	3038 - Request for Service (RFS)	$ (141,011)
	3040 - Outsourcing - Act. Fixed Costs	$ (5,365,768)
	3044 - Capitalized Portion - Transfrm	$ 210,583
	3054 - Capitalized Portn-PCs &Laptops	$ 95,496
	3064 - Capitalized Portion - WMS	$ 521,291
	3074 - Capitalized Portion - RFS	$ 94,117
	3100 - Business Expenses	$ (164,015)
	3102 - Meals and Entertainment	$ (48,496)
	3103 - Non-Deductible Business Expens	$ (60)
	3357 - Vehicle Maint/Other Costs Clrd	$ (2)
	3645 - Sale of Property	$ (203,351)
	9604 - Income Taxes Federal	$ 850,070
	9605 - Income Taxes State	$ 78,972
	9606 - Deferred Income Taxes Federal	$ (879,996)
	9607 - Deferred Income Taxes State	$ (156,321)
	2006 Testable Contract Billings from NCSC (A)	$ 7,468,452

Note A: This total breaks down as following for later analysis:

Service-Related Charges	$ 6,668,442
Overhead-Related Charges	$ 800,810
2006 Testable Contract Billings from NCSC	$ 7,469,252

The next step was to assign NCSC's service-related charges to the four outside service provider cost pools—attorney, certified public accountant, engineer and management consultant. Among other things, NCSC assigns a "department" to all affiliate charges. Based on the nature of services performed by these departments, NCSC's charges were assigned to the four outside provider cost pools, as shown in Exhibit 1.

Exhibit 2 shows the assignment of staff hours by department to the four outside service provider cost pools. It should be noted that only exempt personnel hours

are included in Exhibit 2 because outside providers sometimes do not charge clients for administrative/secretarial support (i.e., non-exempt staff). Instead, they recover the cost of non-exempt staff through the hourly rates of the firm's professionals. Some outside providers bill customers for non-exempt personnel, but this study chose to be conservative in this regard. By excluding non-exempt hours from the hourly rate denominator, there are fewer hours to divide into the cost pool. Consequently, NCSC's hourly rates are somewhat higher using this approach.

Within the total 2006 NCSC charges are overhead-related items associated with sustaining NCSC personnel. Most of these expenses are depreciation expense and rent on various NCSC facilities and equipment. The 2006 amounts by department are shown below. Since these expenses would also be incurred by outside service providers, it is necessary to add them into the NCSC cost pools.

Department	2006
0005000 - Aviation Services	119,005
0017000 - TPC/NET	19,728
0071000 - Insurance - Premiums	78,161
0042000 - General	222,312
0047000 - Facilities Management	298,532
0049000 - Real Estate Management	30,414
0088000 - Fleet Management	31,858
Total	800,010

Based on the assignment of expenses and hours to outside provider categories, NCSC's 2006 equivalent cost per hour is calculated below.

	NCSC Hourly Rates				
	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 819,872	$ 1,826,851	$ 2,010,799	$ 2,010,919	$ 6,668,442
Overhead Expenses (A)	$ 98,401	$ 219,203	$ 241,603	$ 241,603	$ 800,810
Cost Pool Total	$ 918,273	$ 2,046,054	$ 2,252,402	$ 2,252,522	$ 7,469,252
Hours	12,043	36,331	36,190	27,788	112,352
Average Hourly Rate	**$ 76**	**$ 56**	**$ 62**	**$ 81**	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses as calculated below.

	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 819,872	$ 1,826,851	$ 2,010,799	$ 2,010,919	$ 6,668,442
Percent of Cost Pool Total	12.3%	27.4%	30.2%	30.2%	100.0%
Allocation Of Overhead Expenses	$ 98,401	$ 219,203	$ 241,603	$ 241,603	$ 800,810

Exhibit 1

Columbia Gas of Virginia, Inc.
Outside Provider Cost Pools For 2006 NCSC Contract Billings Charges

Department	Outside Provider				
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	Total
Administrative Services				$ 27,719	$ 27,719
Accounts Payable		$ 10,109			$ 10,109
Asset & Accounting Management		$ (0)			$ (0)
Audit		$ 191,425			$ 191,425
Bill Printing & Inserting		$ 238			$ 238
Business Continuity				$ 14,550	$ 14,550
Call Center Administrative				$ 4,247	$ 4,247
CIO				$ 526,253	$ 526,253
Consolidated Financial Reporting		$ 137,135			$ 137,135
Consolidated Taxes		$ 194,344			$ 194,344
Corporate Communications				$ 81,901	$ 81,901
Corporate Development				$ 13,827	$ 13,827
Corporate Human Resources				$ 56,165	$ 56,165
Corporate Secretary	$ 20,359				$ 20,359
Corporate Security				$ 49,902	$ 49,902
Credit Risk Management				$ 39,939	$ 39,939
Customer Care		$ 0			$ 0
Distributed Computing				$ 1	$ 1
Distribution Operations Management			$ 141,995		$ 141,995
Energy Contracts		$ (4)			$ (4)
Enterprise Transformation				$ 22,421	$ 22,421
Environmental, Health & Safety			$ 213,680		$ 213,680
ESS Administration			$ 30,029		$ 30,029
Executive				$ 41,273	$ 41,273
External Affairs				$ 505	$ 505
Finance & Strategies		$ 84,501			$ 84,501
Financial Planning		$ 30,240			$ 30,240
Gas Supply			$ 1,046,491		$ 1,046,491
Governance				$ 122,952	$ 122,952
Governmental Affairs				$ 21,757	$ 21,757
HR Support				$ 143,575	$ 143,575
Information Technology		$ 43,784			$ 43,784
Insurance				$ 34,676	$ 34,676
Investor Relations				$ 22,804	$ 22,804
Legal	$ 799,513				$ 799,513
Logistics			$ 31,586		$ 31,586
Materials & Supplies			$ 11,162		$ 11,162
New Business Processes				$ 245,842	$ 245,842
OD/HRIS Exec / Organizational Devel				$ 30,260	$ 30,260
Operations			$ 96,132		$ 96,132
Payroll Services		$ 1,182			$ 1,182
Performance Management		$ 41,817			$ 41,817
Performance Solutions		$ 3,447			$ 3,447
RCT				$ 158,481	$ 158,481
Regulated Revenue Management				$ 211,592	$ 211,592
Regulatory		$ 458,888			$ 458,888
Retail Services				$ 12,342	$ 12,342
Revenue Transactions				$ 127,935	$ 127,935
Security		$ 22,400			$ 22,400
Segment Accounting		$ 532,520			$ 532,520
Supply Chain - IT Support			$ 30,642		$ 30,642
Technical Operations			$ 409,082		$ 409,082
Total Rewards		$ 3,176			$ 3,176
Treasury		$ 71,650			$ 71,650
Total	$ 819,872	$ 1,826,851	$ 2,010,799	$ 2,010,919	$ 6,668,442

Exhibit 2

Columbia Gas of Virginia, Inc.
Outside Provider Hour Pools For 2006 NCSC Contract Billings Charges

Department	Outside Provider				Total
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	
Administrative Services				312	312
Accounts Payable		311			311
Asset & Accounting Management		(0)			(0)
Audit		3,192			3,192
Bill Printing & Inserting		5			5
Business Continuity				265	265
Call Center Administrative				99	99
CIO				2,921	2,921
Consolidated Financial Reporting		2,639			2,639
Consolidated Taxes		3,903			3,903
Corporate Communications				1,175	1,175
Corporate Development				204	204
Corporate Human Resources				487	487
Corporate Secretary	378				378
Corporate Security				589	589
Credit Risk Management				607	607
Distributed Computing					-
Distribution Operations Management			1,518		1,518
Energy Contracts		(0)			(0)
Enterprise Transformation				383	383
Environmental, Health & Safety			3,697		3,697
ESS Administration			160		160
Executive				262	262
External Affairs				9	9
Finance & Strategies		1,476			1,476
Financial Planning		484			484
Gas Supply			21,519		21,519
Governance				2,289	2,289
Governmental Affairs				231	231
HR Support				2,628	2,628
Information Technology		-			-
Insurance				766	766
Investor Relations				264	264
Legal	11,665				11,665
Logistics			579		579
Materials & Supplies			240		240
New Business Processes				7,448	7,448
OD/HRIS Exec / Organizational Devel				596	596
Operations			943		943
Payroll Services		31			31
Performance Management		944			944
Performance Solutions		80			80
RCT				2,762	2,762
Regulated Revenue Management				908	908
Regulatory		9,990			9,990
Retail Services				245	245
Revenue Transactions				2,339	2,339
Security		394			394
Segment Accounting		11,621			11,621
Supply Chain - IT Support			589		589
Technical Operations			6,945		6,945
Total Rewards		139			139
Treasury		1,124			1,124
Total	**12,043**	**36,331**	**36,190**	**27,788**	**112,352**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys (Virginia Lawyers Weekly used to ask for hourly rates in its annual survey but eliminated that question a few years ago). Therefore, an estimate of Virginia attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 3, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Richmond, Virginia. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 4. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Professional Engineers

CGV provided 2006 hourly rate information for four engineering firms that are periodically used by the company when outside engineering services are required. As shown in Exhibit 5, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their

practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2005. Thus, the 2005 average rate was escalated to June 30, 2006—the midpoint of 2006.

Columbia Gas of Virginia, Inc.
2006 Billing Rates Of Virginia Attorneys

| Billing rates as of December 31, 2005 (Note A) | | |

Columbia Gas of Virginia, Inc.
2006 Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 70	$ 87	$ 125	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 70	$ 87	$ 125	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 26	$ 25	$ 32	**$ 104**

Escalation to Test Year Midpoint - June 30, 2006 (Note B)	
CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Virginia CPAs At June 30, 2006	**$ 107**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Columbia Gas of Virginia, Inc.
2006 Billing Rates Of Virginia Engineers

Note: Billing rates were those in effect in 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates		
Name of Firm	Engineer Tech Land Agent CAD Technician	Engineer Land Surveyor Envir. Scientist	Licensed Professional Engineer
Firm #1	$53	$70	$92
Firm #2	$57	$64	$75
Firm #3	$57	$78	$92
Firm #4	$57	$95	$115

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Land Agent, Environ Tech, CAD Technician Geotech Technician	Land Surveyor Geotech Engineer Engineer	Prof. Engineer	
Average Hourly Billing Rate (From Above)	$56	$67	$84	
Typical Percent of Time on an Engineering Assignment	33%	33%	34%	Weighted Average
	$18	$22	$28	**$69**

Source: Information provided by Columbia Gas of Virginia. Firm names are confidential.

Columbia Gas of Virginia, Inc.
2006 Billing Rates Of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point June 30, 2006 (Note B)

CPI at December 31, 2005	196.8
CPI at June 30, 2006	202.9
Inflation/Escalation	3.1%
Estimated Average Hourly Billing Rate For Consultants At June 30, 2006	**$ 218**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

NCSC Versus Outside Provider Cost Comparison

As shown in the table below, NCSC's costs per hour are considerably lower than those of outside providers.

	2006 Cost/Hour Difference		
Service Provider	NCSC	Outside Providers	Difference-- NCSC Greater(Less) Than Outside
Attorney	$ 76	$ 246	$ (170)
Certified Public Accountant	$ 56	$ 107	$ (51)
Professional Engineer	$ 62	$ 69	$ (7)
Management Consultant	$ 81	$ 218	$ (137)

As calculated below, based on these cost per hour differentials and the number of hours that NCSC billed CGV during 2006, the services would cost over $7.9 million more from outside providers. This is 41% more ($7,930,757 / $19,129,744 = 41%) than NCSC's total 2006 contract billings to CGV.

	2006 Total Cost Difference		
Service Provider	Hourly Rate Difference-- NCSC Greater(Less) Than Outside	NCSC Hours Charged	Dollar Difference
Attorney	$ (170)	12,043	$ (2,044,277)
Certified Public Accountant	$ (51)	36,331	$ (1,841,451)
Professional Engineer	$ (7)	36,190	$ (239,351)
Management Consultant	$ (137)	27,788	$ (3,805,678)
Net NCSC Less Than Outside Providers			$ (7,930,757)

V – Affiliate Operating Company Market Cost Comparison

Background

As discussed earlier, customer account services were the only 2006 affiliate operating company charges that could be market tested. In 2006, charges for these services represented 11% of total affiliate operating company charges.

	2006 Charges	
Other Affiliate Customer Accts Expense Billings		
CG - Ohio	$ 25,339	
CG - Pennsylvania	$ 67,640	
Total Other Affiliate Customer Accts Expense Billings		$ 92,979
Billings From Other Affiliates - Bal Sheet & Inc Stmt		
Total Labor-Related Charges		$ 857,104
Coverage Percentage		11%

Definition Of Customer Accounts Services Expenses

The basis of comparison between CGV and neighboring electric utilities is customer accounts expense per customer. FERC's chart of accounts, (chapter 18, part 101 of Code of Federal Regulations) designates the following accounts contain customer accounts expenses:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

Exhibit 7 further details the services/activities whose costs are to be recorded in these. The graphic below shows which CGV cost components correspond to the contents of FERC accounts 903 and 905.

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
- Customer contact
- Customer order processing
- Bill preparation and mailing
- Collections
- Payment processing
- Correspondence processing

Columbia Gas - Virginia
NCSC Company (A)
- Bill preparation and mailing
- IT support for the various customer information system applications
CG - Ohio & Pennsylvania
- Customer contact
- Customer order processing
- Billing information processing
- Collections
- Correspondence processing
CG - Virginia
- Payment processing

Note A: All NCSC charges are primarily recorded in CGV's account 923.

FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

905 – Miscellaneous Customer Accounts Expenses

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

CGV Cost Per Customer

As calculated in Exhibit 8, CGV's annual customer accounts expense per customer is $25.83. CGV's cost pool includes the same expense items that are included in the neighboring electric utilities' customer accounts expenses.

Comparison Group Cost Per Customer

Electric utilities included in the comparison group are shown in the table below.

State	Electric Utilities Providing FERC Form 1 Information	
Virginia	• Appalachian Power	• Virginia Electric Power
Kentucky	• Kentucky Power • Kentucky Utilities	• Louisville Gas & Electric • Union Light, Heat & Power
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
West Virginia	• Wheeling Power	
Tennessee	• Kingsport Power	
North Carolina	• Progress Energy - Carolinas	• Duke Power

Note: Some neighboring electric utilities were not included in the comparison group because they did not submit the necessary FERC Form 1 data.

Exhibit 9 shows the actual 2005 customer accounts expense per customer calculation for the electric utility comparison group (2006 data was not available at the time of this study). Besides the contents of FERC accounts 903 and 905, labor-related overheads charged to the following FERC accounts must be included in the cost per customer calculation.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Summary Of Results

As shown in the table below, CGV's cost per customer is below the electric utility comparison group average. Thus, it can be concluded that the customer accounts-related expenses assigned by affiliates to CGV are reasonable.

Customer Account Services Expenses/Customer	
Louisville Gas & Electric	$ 12.43
Virginia Electric Power	$ 15.77
Duke Power	$ 24.25
Kentucky Utilities	$ 24.87
Union Heat, Light & Power	$ 25.64
Columbia Gas of Virginia	**$ 25.83**
Progress Energy - Carolinas	$ 26.70
Baltimore Gas & Electric	$ 27.17
Comparison Group Average	**$ 28.01**
Wheeling Power	$ 29.20
Kingsport Power	$ 32.18
Appalachian Power	$ 32.40
Kentucky Power	$ 34.25
Delmarva Power & Light	$ 51.68
Potomac Electric	$ 68.26

Exhibit 8

Columbia Gas of Virginia, Inc.
CGV 2006 Customer Accounts Expense Per Customer

NiSource Company	Source of Charges		Amount
Service Company (12)	0030100 - Call Center Administrative	$	4,247
	0030200 - Performance Solutions	$	2,170
	0030300 - Performance Management	$	41,700
	0053600 - Bill Printing & Inserting	$	238
	0099100 - IBM Billing - Call Center	$	2,390,274
	0099500 - IBM Billing - Meter to Cash	$	2,203,643
CG-Ohio (34)	1837 - Cash Processing	$	406
	1838 - Bill Exception Processing	$	23,957
	1839 - Revenue Recovery		
	2560 - Customer Call Center		
	6329 - Printing & Inserting	$	976
CG-Pennsylvania (37)	1826 - Meter Reading & Collections	$	11,204
	1839 - Revenue Recovery	$	46,078
	1849 - Corporate Undistributed	$	10,357
CG-Virginia	1837 - Cash Processing	$	248,778
	1839 - Revenue Recovery (A)	$	1,630
	2560 - Customer Call Center	$	899
	Distribution Operations (A)	$	711,202
	Customer Payment Processing (B)	$	219,976
	Customer Accounts Cost Pool Total	$	5,917,736
	2006 Average Customers		229,142
	2006 Cost Per Customer	**$**	**25.83**

Note A: Also includes charges for billing-related postage
Note B: Payment Processing Expenses

Average CGVa customers (2006)		229,142
Number of customer payments/year		12
Total payments		2,749,704
Bank processing cost/payment	$	0.080
Total Payment Processing Expense	$	219,976

Columbia Gas of Virginia, Inc.
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky			
		Appalachian Power	Virginia Electric Power	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Union Light, Heat & Power
Customer Accounts Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 28,324,797	$ 27,055,213	$ 5,669,498	$ 10,832,569	$ 4,279,581	$ 2,787,640
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 65,026	$ -	$ 15,566	$ 130,794	$ 276,482	$ 96,072
Subtotal		$ 28,389,823	$ 27,055,213	$ 5,685,064	$ 10,963,363	$ 4,556,063	$ 2,883,712
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	(A)	$ 1,155,330	$ 6,548,241	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	(B)	$ 850,432	$ 2,461,320	$ 135,759	$ 358,923	$ 62,820	$ 195,943
Total Cost Pool		**$ 30,395,584**	**$ 36,064,774**	**$ 6,001,796**	**$ 12,963,648**	**$ 4,884,656**	**$ 3,358,947**
Total Customers (page 304, line 43)		938,029	2,287,193	175,255	521,342	392,998	131,028
Customer Accounts Expense per Customer		**$ 32.40**	**$ 15.77**	**$ 34.25**	**$ 24.87**	**$ 12.43**	**$ 25.64**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 17,426,702	$ 130,305,500	$ 3,634,365	$ 22,757,866	$ 21,039,968	$ 3,124,822
Total Payroll (page 355, line 96)		$ 167,682,274	$ 640,242,951	$ 35,638,655	$ 65,053,063	$ 65,008,192	$ 28,657,418
Total Benefits as Percent of Payroll		10.4%	20.4%	10.2%	35.0%	32.4%	10.9%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 11,116,753	$ 32,174,121	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351
Pension & Benefits Pertaining to Customer Accts Expenses		$ 1,155,330	$ 6,548,241	$ 180,973	$ 1,641,361	$ 265,773	$ 279,291
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 11,116,753	$ 32,174,121	$ 1,774,628	$ 4,691,810	$ 821,173	$ 2,561,351
Employer's Portion of FICA		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 850,432	$ 2,461,320	$ 135,759	$ 358,923	$ 62,820	$ 195,943

Columbia Gas of Virginia, Inc.
Comparison Group 2005 Actual Customer Accounts Expense Per Customer

		Maryland		West Virginia	North Carolina		
		Baltimore Gas & Electric	Potomac Electric	Wheeling Power	Prog Energy - Carolinas	Duke Power	Group Average
Customer Accounts Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 25,551,429	$ 42,662,729	$ 1,124,907	$ 23,024,010	$ 43,499,424	$ 19,528,345
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 1,886,586	$ 28,408	$ 3,916	$ 7,101,028	$ 3,497,590	$ 1,191,043
Subtotal		$ 27,438,015	$ 42,691,137	$ 1,128,823	$ 30,125,038	$ 46,997,014	$ 20,719,388
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	(A)	$ 3,403,735	$ 6,540,963	$ 45,742	$ 5,110,809	$ 5,071,143	$ 2,749,397
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	(B)	$ 1,709,916	$ 1,381,070	$ 31,178	$ 1,272,861	$ 2,239,312	$ 972,685
Total Cost Pool		**$ 32,551,666**	**$ 50,613,170**	**$ 1,205,743**	**$ 36,508,708**	**$ 54,307,469**	**$ 24,441,469**
Total Customers (page 304, line 43)		1,198,259	741,453	41,294	1,367,435	2,239,513	912,164
Customer Accounts Expense per Customer		**$ 27.17**	**$ 68.26**	**$ 29.20**	**$ 26.70**	**$ 24.25**	**$ 26.80**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 158)		$ 36,869,939	$ 39,171,172	$ 486,262	$ 142,055,003	$ 149,922,345	$ 51,526,722
Total Payroll (page 355, line 96)		$ 242,119,698	$ 108,113,323	$ 4,332,473	$ 462,472,964	$ 865,393,462	$ 244,064,952
Total Benefits as Percent of Payroll		15.2%	36.2%	11.2%	30.7%	17.3%	21.1%
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 22,351,847	$ 18,053,206	$ 407,551	$ 16,638,704	$ 29,272,048	$ 12,714,836
Pension & Benefits Pertaining to Customer Accts Expenses		$ 3,403,735	$ 6,540,963	$ 45,742	$ 5,110,809	$ 5,071,143	$ 2,684,342
Note B: Calculation of Employer's FICA Pertaining to Customer Acct Mgmt							
Payroll Charged to Customer Accts Expenses (page 354, line 6)		$ 22,351,847	$ 18,053,206	$ 407,551	$ 16,638,704	$ 29,272,048	$ 12,714,836
Employer's Portion of FICA		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 1,709,916	$ 1,381,070	$ 31,178	$ 1,272,861	$ 2,239,312	$ 972,685

Columbia Gas of Virginia, Inc.

2007 Affiliate Company Charges
Market Cost Comparison

April 2008

Baryenbruch & Company, LLC

Columbia Gas of Virginia, Inc.
2007 Affiliate Company Charges Market Cost Comparison

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I - Introduction

Purpose Of This Study

This study was undertaken to determine if the services provided to Columbia Gas of Virginia, Inc. ("CGV") by affiliate companies during 2007 were performed at the lower of cost or market. Affiliates that provide CGV with services include NiSource Corporate Services Company ("NCSC") and several NiSource operating companies. NCSC provides CGV with management, professional and technical services while the NiSource operating companies provide CGV with construction, operations and customer account services.

This study was also designed to address whether services provided by CGV to affiliates were priced at the higher of cost or market.

Study Conclusion

Outside service providers (i.e., market) were found to be 58% more expensive than NCSC. The services provided to CGV by NCSC during 2007 would have cost an additional $11 million if they had been performed by outside service providers.

Services from affiliate operating companies could not be compared to outside service providers due to a lack of publicly available outside service provider rate information. However, it was possible to compare CGV's customer accounts expense per customer to those of electric utilities in Virginia and neighboring states. This comparison showed CGV's cost to be considerably less than the electric utility group average. For 2007, the average cost per customer for customer accounts services from CGV affiliates was $25.08 compared to the 2006 average of $28.57 for neighboring electric utilities.

This study subjected all 2007 NCSC's service-related charges and 11% of affiliate operating companies' labor-related charges to a market cost comparison. This sample size is sufficient to support the affiliate's total charges to CGV during 2007.

Based on this study's results, it can be concluded that CGV's 2007 affiliate company charges are priced at the lower of cost or market.

CGV's service-related charges to affiliates are not significant (approximately $250,000 in labor-related expenses). Affiliates are charged at CGV's fully loaded cost. The majority of these services are construction-related and not easily benchmarked to publicly available outside provider hourly rate information. For these reasons, no market testing was performed on these transactions.

II - Background

Overview Of CGV Affiliate Company Services

NCSC provides the following types of services to NiSource operating companies, including CGV:

- Accounting
- Payroll
- Auditing
- Employee benefits
- Planning
- Risk management
- Tax
- Legal
- Environmental
- Financial
- Information technology
- Telecommunications.

In June 2005, NCSC signed a 10-year agreement with IBM under which IBM would provide a broad range of business process and support services to NiSource. In 2007, NCSC decided to change this agreement. NiSource Inc.'s 2007 10K describes the changes as follows:

> *In the first quarter of 2007, NiSource decided to bring certain finance and accounting functions back within the company. These functions included general accounting, fixed asset accounting, and budgeting. In December 2007, NiSource and IBM finalized a restructuring of their business services agreement. Under the restructured agreement, IBM will primarily provide information technology services, with a number of other business service functions to be transitioned back to the NiSource organization.*

NCSC Billing of Affiliate Companies

NiSource Corporate Services was regulated by the Security Exchange Commission ("SEC") under the Public Utility Holding Company Act of 1935 ("PUHCA") until February 8, 2006, when the Energy Policy Act of 2005 took effect. The 2005 Act transfers regulatory jurisdiction over public utility holding companies from the SEC to the Federal Energy Regulatory Commission ("FERC"). Corporate Services continues to follow the SEC Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, until January 1, 2008, after which FERC requires service companies to move to FERC's Uniform System of Accounts. In addition, Corporate Services uses a job order system to collect costs which are applicable and billable to affiliates,

including Columbia Gas of Virginia. Each job order details the affiliate(s) to be charged for the specified services and the basis for allocating charges when more than one affiliate receives the same service. Allocations among affiliates are made when it is impractical to charge an affiliate directly.

NCSC is obligated to bill affiliates at cost in accordance with SEC Rules 90 and 91 under PUHCA. The service agreement between CGV and NCSC stipulates that all services will be provided at cost.

Two types of bills are issued to affiliates: contract billing and convenience billing. Contract billing, which is identified by job order, represents the labor and expenses billed to an affiliate. These are costs incurred by NCSC to render services at the affiliate's request. Contract charges may be direct or allocated depending on the nature of the expense.

Convenience billings are rendered when NCSC makes payment to one vendor for goods or services that benefit one or more affiliate. Convenience bills generally represent outside services that are routinely performed on behalf of affiliates on an ongoing basis, for which each affiliate is billed their proportional share.

The relationship between NCSC and CGV is set forth in a service agreement which was approved by the Virginia State Corporation Commission on September 21, 2005 and amended on October 9, 2007.

Affiliate Operating Company Billing of Other Affiliates

Besides NCSC, other affiliate entities charge CGV for various goods and services. These items are charged to CGV at fully loaded cost.

2007 Affiliate Entities Charges

During 2007, affiliate entities charged CGV approximately $165 million.

Affiliate Entity		Total
NiSource Corporate Services	$	129,333,235
Columbia Gulf Transmission	$	1,967,318
Columbia Network Services	$	8,208
Columbia Gas of Kentucky	$	38,494
Columbia Gas of Ohio	$	1,962,052
Columbia Gas of Maryland	$	2,586
Columbia Gas of Pennsylvania	$	329,387
Columbia Gas Transmission	$	20,381,339
NiSource, Inc.	$	634,581
NiSource Finance	$	8,108,792
Nisource Money Pool	$	2,467,252
Total	$	165,233,244

III – Market Cost Comparison Approach

Charges From Affiliates

CGV's 2007 charges from affiliate entities were analyzed to determine which could be subjected to a market cost comparison. The table below shows the amounts charged CGV during 2007 by type of transaction. The first three items—Interest on Debt and Taxes, Gas Purchase and Transportation Expense, and Convenience Billings and Payroll—do not involve the provision of services.

		Market Cost Testing Disposition		
Type of Transaction	2007 Affiliate Charges To CGV	Involves A Service?	Market Data Available?	Included In This Study?
Interest on Debt and Taxes	$ 10,576,045	No	na	No
Gas Purchase and Transportation Expenses	$ 22,105,121	No	na	No
Convenience Billings and Payroll	$ 111,441,022	No	na	No
Contract Services	$ 18,914,049	Yes	Yes	Yes
Billings From Other Affiliates - Balance Sheet Accts	$ 918,251	Limited	No	No
Billings From Other Affiliates - Income Statement Accts	$ 1,278,756	Limited	Yes	Yes/No
Total 2007 Affiliate Company Billings	**$ 165,233,244**			

Contract Services charges are for management, professional and technical services. Market cost information is available for outside providers of these services. Thus, it is possible to compare NCSC's cost of services to those of outside providers. This study converts NCSC's 2007 corporate services charges to costs per hour and compares those to the costs per hour charged by outside providers. See Chapter IV for this cost comparison.

NiSource regulated operating companies will sometimes support one another in times of emergency or when one's current backlog exceeds its available resources. This sharing arrangement is meant to reduce the cost of service for all ratepayers. The Billings From Other Affiliates line items in the table above relate to this shared support arrangement.

Most of the total $918,000 in Billings From Other Affiliates – Balance Sheet was for construction costs charged by Columbia Gas of Ohio. Only $113,300 of these charges was labor-related. No publicly available market information was found for outside provider of construction services. Thus, this study could not subject these 2007 charges to a market cost comparison.

From Other Affiliates - Income Statement-related transactions are for various operations services and customer account services. Of the $1.3 million in these charges, approximately $508,000 was for labor-related services. No publicly-available market rate information was found for providers of operations-related services (e.g., craft-type services performed by operators and technicians performing day-to-day activities or providing emergency assistance). Thus, this study did not subject 2007 operations-related charges to a market cost comparison. Publicly-available market rate data was also unavailable for

customer account services. However, it was possible to assess the reasonableness of CGV's customer account services-related expenses by comparing them to those of neighboring electric utilities. Electric utility customer account expenses were obtained for this comparison from the FERC Form 1. See Chapter V for this cost comparison.

Charges To Affiliates

CGV charged affiliates $5.6 million during 2007, as shown below.

	2007 Charges From CGV
Billings to Other Affiliates - Balance Sheet Accounts	$ 5,390,267
Billings to Other Affiliates - Income Statement Accounts	$ 214,024
Total Charges To Affiliates	**$ 5,604,291**

Approximately $4.6 million in Balance Sheet-related billings is associated with entries made to reallocated pension and other post employment benefits (OPEB) liabilities among NiSource, Inc. companies based on a measurement by Hewitt, the corporation's compensation and benefits consultant. The remainder of Balance Sheet-related billings consists of construction work CGV performed for affiliate operating companies. Approximately $200,000 of these charges was labor-related.

Income Statement-related billings consists of rent charged to NCSC for its employees located in CGV's Chester, Virginia offices and charges for a variety of services CGV provided to affiliate operating companies. This cost sharing arrangement ultimately provides system ratepayers with lower costs of service. Here too, a relatively small portion of these charges were labor related ($53,000).

CGV charges affiliates its fully loaded cost for these items. No market testing was performed on 2007 charges to affiliates because the costs that are service-related are not material.

IV – NiSource Corporate Services Company Market Cost Comparison

Methodology

NCSC's 2007 corporate services-related billings to CGV are market tested by comparing the cost per hour for NCSC services to those of outside service providers to whom these duties could be assigned.

The first step was to determine which types of outside providers could assume Service Company services. Based on the nature of these services it was determined that the following outside service providers could perform the categories of services indicated.

- Attorneys - corporate secretarial and legal services
- Certified Public Accountants - accounting, finance, information systems and rates and regulatory
- Professional Engineers – engineering and operations services
- Management Consultants - executive and administrative management, risk management services, human resources and communications services

The next step was to calculate NCSC's hourly rate for each of the four outside service provider categories, based on the dollars and hours charged to CGV during the 12-months ended December 31, 2007.

Hourly billing rates for outside service providers were next determined using information from pertinent surveys.

Finally, the NCSC's average cost per hour was compared to the average cost per hour for outside providers.

NCSC Hourly Rates

The first step in determining NCSC's hourly rates is to determine the appropriate expenses to be included in the calculation. As shown below, certain NCSC charges were excluded from the hourly rate calculations. Excluded cost elements are charges that are, in effect, already outsourced (e.g., IBM outsourcing, outside services expenses) or items that an outside provider would not typically recover in their hourly rates (e.g., travel expenses). The net result of these adjustments is the total applicable cost pool that is subjected to the lower-of-cost-or-market testing.

2007 Total Contract Billings from NCSC		$ 18,914,049
Less:	Excludable Cost Elements:	
	2504 - Expert Witness Fees	$ (9,971)
	3000 - Consulting Services	$ (248,398)
	3001 - Advertising Services	$ (124,501)
	3002 - Legal Services	$ (324,807)
	3003 - Auditing Services	$ (2,513)
	3011 - Temporary Personnel Services	$ (103,893)
	3012 - Security Services	$ 102
	3015 - Other Outside Services	$ (254,508)
	3016 - Other Maintenance Services	$ (28)
	3030 - Outsourcing - Est. Fixed Costs	$ (774,067)
	3031 - Outsourcing - Variable Costs	$ (661,846)
	3032 - Transition Costs	$ 79,766
	3033 - Sales Tax	$ (136,183)
	3034 - Capitalized Portion - Inflights	$ 94,033
	3035 - Supplemental Contract Costs	$ 28,651
	3036 - Service Level Agreements	$ 122,005
	3037 - Miscellaneous Reimbursements	$ 100,992
	3038 - Request for Service (RFS)	$ (158,577)
	3040 - Outsourcing - Act. Fixed Costs	$ (8,975,508)
	3041 - Outsourcing-Variable Csts-RRCs	$ 581,714
	3044 - Capitalized Portion - Transfrm	$ 322,904
	3054 - Capitalized Portn-PCs & Laptops	$ 81,890
	3064 - Capitalized Portion - WMS	$ (110,350)
	3074 - Capitalized Portion - RFS	$ 45,725
	3075 - Cap Portion - RFS Conv. Billed Total	$ 6,513
	3100 - Business Expenses	$ (209,379)
	3101 - Meals Special Cases Only	$ (230)
	3102 - Meals and Entertainment	$ (62,365)
	3103 - Non-Deductible Business Expens	$ (1)
	3357 - Vehicle Maint/Other Costs Clrd	$ (1)
	3645 - Sale of Property	$ (197,905)
	9604 - Income Taxes Federal	$ 98,024
	9605 - Income Taxes State	$ 76,173
	9606 - Deferred Income Taxes Federal	$ (128,329)
	9607 - Deferred Income Taxes State	$ (22,782)
	2007 Testable Contract Billings from NCSC (A)	$ 8,046,401

Note A: This total breaks down as following for later analysis:

Service-Related Charges	$ 7,087,530
Overhead-Related Charges	$ 958,870
2007 Testable Contract Billings from NCSC	$ 8,046,401

The next step was to assign NCSC's service-related charges to the four outside service provider cost pools—attorney, certified public accountant, engineer and management consultant. Among other things, NCSC assigns a "department" to all affiliate charges. Based on the nature of services performed by these departments, NCSC's charges were assigned to the four outside provider cost pools, as shown in Exhibit 1.

Exhibit 2 shows the assignment of staff hours by department to the four outside service provider cost pools. It should be noted that only exempt personnel hours are included in Exhibit 2 because outside providers sometimes do not charge clients for administrative/secretarial support (i.e., non-exempt staff). Instead, they recover the cost of non-exempt staff through the hourly rates of the firm's professionals. Some outside providers bill customers for non-exempt personnel, but this study chose to be conservative in this regard. By excluding non-exempt hours from the hourly rate denominator, there are fewer hours to divide into the cost pool. Consequently, NCSC's hourly rates are somewhat higher using this approach.

Within the total 2007 NCSC charges are overhead-related items associated with sustaining NCSC personnel. Most of these expenses are depreciation expense and rent on various NCSC facilities and equipment. The 2007 amounts by department are shown below. Since these expenses would also be incurred by outside service providers, it is necessary to add them into the NCSC cost pools.

Department	2007
0005000 - Aviation Services	176,141
0017000 - TPC/NET	(1,102)
0071000 - Insurance - Premiums	54,083
0042000 - General	304,876
0047000 - Facilities Management	351,024
0049000 - Real Estate Management	13,297
0087000 - Materials and Supplies	11,185
0088000 - Fleet Management	49,368
Total	**958,870**

Based on the assignment of expenses and hours to outside provider categories, NCSC's 2007 equivalent cost per hour is calculated below.

	NCSC Hourly Rates				
	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 655,874	$ 1,806,481	$ 2,143,455	$ 2,481,721	$ 7,087,530
Overhead Expenses (A)	$ 89,175	$ 244,512	$ 289,579	$ 335,605	$ 958,870
Cost Pool Total	$ 745,049	$ 2,050,993	$ 2,433,033	$ 2,817,325	$ 8,046,401
Hours	10,422	35,790	38,640	40,761	125,612
Average Hourly Rate	**$ 71**	**$ 57**	**$ 63**	**$ 69**	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses as calculated below.

	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 655,874	$ 1,806,481	$ 2,143,455	$ 2,481,721	$ 7,087,530
Percent of Cost Pool Total	9.3%	25.5%	30.2%	35.0%	100.0%
Allocation Of Overhead Expenses	$ 89,175	$ 244,512	$ 289,579	$ 335,605	$ 958,870

Exhibit 1

Columbia Gas of Virginia, Inc.
Outside Provider Cost Pools For 2007 NCSC Contract Billings Charges

Department	Outside Provider				
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	Total
Administrative Services				$ 37,958	$ 37,958
Accounts Payable		$ 16,399			$ 16,399
Asset & Accounting Management					$ -
Audit		$ 172,996			$ 172,996
Business Continuity				$ 17,493	$ 17,493
CIO				$ 350,141	$ 350,141
Consolidated Financial Reporting		$ 178,120			$ 178,120
Consolidated Taxes		$ 181,423			$ 181,423
Corporate Affairs				$ 25,568	$ 25,568
Corporate Communications				$ 74,070	$ 74,070
Corporate Development				$ 34,350	$ 34,350
Corporate Human Resources				$ 58,605	$ 58,605
Corporate Secretary	$ 24,988				$ 24,988
Corporate Security				$ 42,623	$ 42,623
Credit Risk Management				$ 46,873	$ 46,873
Distribution Operations - East			$ 59,034		$ 59,034
Distribution Operations Management			$ 41,952		$ 41,952
Enterprise Transformation				$ 42,008	$ 42,008
Environmental, Health & Safety			$ 146,735		$ 146,735
ESS Administration			$ 9,490		$ 9,490
Executive				$ 40,604	$ 40,604
External Affairs				$ (895)	$ (895)
Finance & Strategies		$ 319,088			$ 319,088
Financial Planning		$ 26,222			$ 26,222
Gas Supply			$ 924,759		$ 924,759
Gas Systems Planning and Modeling			$ 6,651		$ 6,651
Governance				$ 135,647	$ 135,647
Governmental Affairs				$ 27,121	$ 27,121
HR Support				$ 163,965	$ 163,965
Information Technology		$ 69,425			$ 69,425
Insurance				$ 31,012	$ 31,012
Investor Relations				$ 20,101	$ 20,101
IT Security & Compliance		$ 12,357			$ 12,357
Legal	$ 630,886				$ 630,886
Logistics			$ 38,752		$ 38,752
New Business Processes				$ 348,478	$ 348,478
NiSource Training				$ 64,071	$ 64,071
OD/HRIS Exec / Organizational Devel				$ 25,603	$ 25,603
Operations			$ 145,423		$ 145,423
Payroll Services		$ 1,616			$ 1,616
Performance Management		$ 50,996			$ 50,996
Standards and Compliance				$ 498,088	$ 498,088
Regulated Revenue Management				$ 229,014	$ 229,014
Regulatory		$ 234,965			$ 234,965
Retail Services				$ 12,473	$ 12,473
Revenue Transactions				$ 146,113	$ 146,113
Risk Management				$ 10,638	$ 10,638
Segment Accounting		$ 445,803			$ 445,803
Supply Chain Administration			$ 18,569		$ 18,569
Technical Operations			$ 693,970		$ 693,970
Treasury		$ 85,710			$ 85,710
Work Management - GIS			$ 58,119		$ 58,119
Work Management System		$ 11,360			$ 11,360
Total	$ 655,874	$ 1,806,481	$ 2,143,455	$ 2,481,721	$ 7,087,530

Exhibit 2

Columbia Gas of Virginia, Inc.
Outside Provider Hour Pools For 2007 NCSC Contract Billings Charges

Department	Outside Provider				Total
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	
Administrative Services				289	289
Accounts Payable		353			353
Asset & Accounting Management					-
Audit		2,846			2,846
Business Continuity				278	278
CIO				2,354	2,354
Consolidated Financial Reporting		3,391			3,391
Consolidated Taxes		3,746			3,746
Corporate Affairs				303	303
Corporate Communications				769	769
Corporate Development				539	539
Corporate Human Resources				557	557
Corporate Secretary	401				401
Corporate Security				712	712
Credit Risk Management				659	659
Distribution Operations - East			513		513
Distribution Operations Management			299		299
Enterprise Transformation				734	734
Environmental, Health & Safety			2,336		2,336
ESS Administration			159		159
Executive				207	207
External Affairs					-
Finance & Strategies		6,687			6,687
Financial Planning		352			352
Gas Supply			17,914		17,914
Gas Systems Planning and Modeling					-
Governance				2,542	2,542
Governmental Affairs				278	278
HR Support				2,820	2,820
Information Technology					-
Insurance				690	690
Investor Relations				180	180
IT Security & Compliance		128			128
Legal	10,020				10,020
Logistics			787		787
New Business Processes				10,970	10,970
NiSource Training				1,291	1,291
OD/HRIS Exec / Organizational Devel				392	392
Operations			1,866		1,866
Payroll Services					-
Performance Management		1,193			1,193
Standards and Compliance				9,967	9,967
Regulated Revenue Management				1,200	1,200
Regulatory		5,127			5,127
Retail Services				286	286
Revenue Transactions				2,593	2,593
Risk Management				151	151
Segment Accounting		10,712			10,712
Supply Chain Administration			813		813
Technical Operations			13,122		13,122
Treasury		1,257			1,257
Work Management - GIS			830		830
Work Management System					-
Total	**10,422**	**35,790**	**38,640**	**40,761**	**125,612**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys (Virginia Lawyers Weekly used to ask for hourly rates in its annual survey but eliminated that question a few years ago). Therefore, an estimate of Virginia attorney rates was developed from a survey of Michigan lawyers conducted annually by the Michigan Lawyers Weekly. As presented in Schedule 3, the average rate for each Michigan firm respondent was adjusted for the cost of living differential between their location and Richmond, Virginia. The survey includes rates that were in effect at December 31, 2006. Thus, the 2006 average rate was escalated to June 30, 2007—the midpoint of 2007.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 4. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005. Thus, the 2005 average rate was escalated to June 30, 2007—the midpoint of 2007.

Professional Engineers

CGV provided 2007 hourly rate information for four engineering firms that are periodically used by the company when outside engineering services are required. As shown in Exhibit 5, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Management Consultants

The cost per hour for management consultants was developed from the 2007 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 6, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect at December 31, 2006 for firms in the United States. Consultants typically do not

limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. Thus, the 2006 average rate was escalated to June 30, 2007—the midpoint of 2007.

Columbia Gas of Virginia, Inc.
2007 Billing Rates Of Virginia Attorneys

Billing rates as of December 31, 2006 (Note A)									
		Number	Billing Rate Range					Cost of Living	
	Michigan	Of Mich	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit	218	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Butzel Long	Detroit	212	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit	130	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield	95	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms	57	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy	38	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit	31	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills	30	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills	26	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield	24	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills	23	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
								Overall Average at December 31, 2006	$ 271

Escalation to Midpoint of September 30, 2007 Test Period (Note B)	
CPI at December 31, 2006	201.8
CPI at June 30, 2007	208.4
Inflation/Escalation	3.3%
Average Billing Rate At June 30, 2007 - midpoint of 12 months ended December 31, 2007	**$ 280**

Note A: Source is Michigan Lawyers Weekly, April 2007

Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This number represents the cost of living difference between the Michigan city and Richmond, Va. A number over 100% indicates the Michigan city's cost of living is higher than Richmond. A number less than 100% indicates Richmond's cost of living is higher.

Columbia Gas of Virginia, Inc.
2007 Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 70	$ 87	$ 125	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 70	$ 87	$ 125	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 26	$ 25	$ 32	**$ 104**

Escalation to Midpoint of September 30, 2007 Test Period (Note B)

CPI at December 31, 2005	196.8
CPI at June 30, 2007	208.4
Inflation/Escalation	5.9%
Estimated Average Hourly Billing Rate For Virginia CPAs At June 30, 2007	**$ 110**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Columbia Gas of Virginia, Inc.
2007 Billing Rates Of Virginia Engineers

Note: Billing rates were those in effect in 2007

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates		
Name of Firm	Engineer Tech Land Agent CAD Technician	Engineer Land Surveyor Envir. Scientist	Licensed Professional Engineer
Firm #1	$75	$93	$125
Firm #2	$62	$71	$80
Firm #3	$64	$85	$95

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Land Agent, Environ Tech, CAD Technician Geotech Technician	Land Surveyor Geotech Engineer Engineer	Prof. Engineer	
Average Hourly Billing Rate (From Above)	$67	$83	$100	
Typical Percent of Time on an Engineering Assignment	33%	33%	34%	Weighted Average
	$22	$27	$34	**$83**

Source: Information provided by Columbia Gas of Virginia. Firm names are confidential.

Columbia Gas of Virginia, Inc.
2007 Billing Rates Of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2006 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 187	$ 235	$ 306	$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$187	$235	$306	$358	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 43	$ 56	$ 47	$ 31	$ 36	**$ 212**

Escalation to Midpoint of June 30, 2007 Test Period (Note B)

CPI at December 31, 2006	201.8
CPI at June 30, 2007	208.4
Inflation/Escalation	3.3%
Average Hourly Billing Rate For Management Consultants At June 30, 2007	**$ 219**

Note A: source: "Operating Ratios For Management Consulting Firms, 2007 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

NCSC Versus Outside Provider Cost Comparison

As shown in the table below, NCSC's costs per hour are considerably lower than those of outside providers.

	2007 Cost/Hour Difference		
Service Provider	NCSC	Outside Providers	Difference-- NCSC Greater(Less) Than Outside
Attorney	$ 71	$ 280	$ (209)
Certified Public Accountant	$ 57	$ 110	$ (53)
Professional Engineer	$ 63	$ 83	$ (20)
Management Consultant	$ 69	$ 219	$ (150)

As calculated below, based on these cost per hour differentials and the number of hours that NCSC billed CGV during 2007, the services would cost almost $11 million more from outside providers. This is 58% more ($10,978,009 / $18,914,049 = 58%) than NCSC's total 2007 contract billings to CGV.

	2007 Total Cost Difference		
Service Provider	Hourly Rate Difference-- NCSC Greater(Less) Than Outside	NCSC Hours Charged	Dollar Difference
Attorney	$ (209)	10,422	$ (2,176,433)
Certified Public Accountant	$ (53)	35,790	$ (1,893,153)
Professional Engineer	$ (20)	38,640	$ (789,129)
Management Consultant	$ (150)	40,761	$ (6,119,294)
			$ (10,978,009)

V – Affiliate Operating Company Market Cost Comparison

Background

As discussed earlier, customer account services were the only 2007 affiliate operating company charges that could be market tested. In 2007, charges for these services represented 11% of total affiliate operating company charges.

	2007 Charges	
Other Affiliate Customer Accts Expense Billings		
CG - Ohio	$ 5,259	
CG - Pennsylvania	$ 60,611	
CG - Kentucky	$ 78	
Total Other Affiliate Customer Accts Expense Billings		$ 65,948
Billings From Other Affiliates - Balance Sheet & Income Stmt		
Total Labor-Related Charges		$ 621,668
Coverage Percentage		11%

Definition Of Customer Accounts Services Expenses

The basis of comparison between CGV and neighboring electric utilities is customer accounts expense per customer. FERC's chart of accounts, (chapter 18, part 101 of Code of Federal Regulations) designates the following accounts contain customer accounts expenses:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

Exhibit 7 further details the services/activities whose costs are to be recorded in these. The graphic below shows which CGV cost components correspond to the contents of FERC accounts 903 and 905.

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
- Customer contact
- Customer order processing
- Bill preparation and mailing
- Collections
- Payment processing
- Correspondence processing

Columbia Gas - Virginia
NCSC Company (A)
- Bill preparation and mailing
CG - Ohio & Pennsylvania
- Customer contact
- Customer order processing
- Billing information processing
- Collections
- Correspondence processing
CG - Virginia
- Payment processing

Note A: All NCSC charges are primarily recorded in CGV's account 923.

FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

905 – Miscellaneous Customer Accounts Expenses

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

CGV Cost Per Customer

As calculated in Exhibit 8, CGV's annual customer accounts expense per customer is $25.08. CGV's cost pool includes the same expense items that are included in the neighboring electric utilities' customer accounts expenses.

Comparison Group Cost Per Customer

Electric utilities included in the comparison group are shown in the table below.

State	Electric Utilities Providing FERC Form 1 Information	
Virginia	• Appalachian Power	• Virginia Electric Power
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
Tennessee	• Kingsport Power	
West Virginia	• Wheeling Power	
North Carolina	• Progress Energy - Carolinas	• Duke Energy - Carolinas

Note: Some neighboring electric utilities were not included in the comparison group because they did not submit the necessary FERC Form 1 data.

Exhibit 9 shows the actual 2006 customer accounts expense per customer calculation for the electric utility comparison group (2007 data was not available at the time of this study). Besides the contents of FERC accounts 903 and 905, labor-related overheads charged to the following FERC accounts must be included in the cost per customer calculation.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Summary Of Results

As shown in the table below, CGV's cost per customer is below the electric utility comparison group average. Thus, it can be concluded that the customer accounts-related expenses assigned by affiliates to CGV are reasonable.

Customer Account Services Expenses/Customer	
Louisville Gas & Electric	$ 13.46
Virginia Electric Power	$ 14.89
Duke Energy Carolinas	$ 22.16
Progress Energy - Carolinas	$ 24.75
Columbia Gas of Virginia	**$ 25.08**
Kentucky Utilities	$ 27.14
Comparison Group Average	**$ 28.57**
Wheeling Power	$ 29.48
Baltimore Gas & Electric	$ 31.26
Kingsport Power	$ 33.56
Appalachian Power	$ 33.43
Kentucky Power	$ 35.75
Duke Energy Kentucky	$ 39.46
Delmarva Power & Light	$ 50.81
Potomac Electric	$ 74.21

Exhibit 8

Columbia Gas of Virginia, Inc.
CGV 2007 Customer Accounts Expense Per Customer

NiSource Company	Source of Charges	Amount
Service Company (12)	0030300 - Performance Management	$ 49,618
	0053000 - Revenue Transactions	$ 153,937
	0099100 - IBM Billing - Call Center	$ 1,799,561
	0099500 - IBM Billing - Meter to Cash	$ 2,649,092
CG-Ohio (34)	1837 - Cash Processing	$ 376
	1838 - Bill Exception Processing	$ 360
	1839 - Revenue Recovery	$ 4,524
CG-Pennsylvania (37)	1826 - Meter Reading & Collections	$ 11,123
	1839 - Revenue Recovery	$ 47,910
	Distribution Operations	$ 1,578
CG-Kentucky (32)	Distribution Operations	$ 78
CG-Virginia	1837 - Cash Processing	$ 241,415
	2560 - Customer Call Center	$ 320
	Distribution Operations (A)	$ 709,779
	Customer Payment Processing (B)	$ 225,674
	Customer Accounts Cost Pool Total	$ 5,895,344
	CGV customers at 12/31/07	235,077
	2007 Cost Per Customer	**$ 25.08**

Note A: Also includes charges for billing-related postage

Note B: Payment Processing Expenses

CGV customers at 12/31/07		235,077
Number of customer payments/year		12
Total payments		2,820,924
Bank processing cost/payment	$	0.080
Total Payment Processing Expense	$	225,674

Columbia Gas of Virginia, Inc.
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky				Tennessee
		Appalachian Power	Virginia Electric Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Kingsport Power
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,331,456	$ 27,749,294	$ 3,332,632	$ 5,947,615	$ 11,543,567	$ 4,361,172	$ 1,511,496
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 11,100	$ -	$ 6,343	$ 2,104	$ 70,757	$ 248,889	$ 394
Subtotal		$ 29,342,556	$ 27,749,294	$ 3,338,975	$ 5,949,719	$ 11,614,324	$ 4,610,061	$ 1,511,890
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,619,469	$ 5,512,149	$ 1,031,926	$ 232,836	$ 2,465,044	$ 652,046	$ 23,327
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 632,616	$ 1,409,136	$ 274,415	$ 94,616	$ 249,993	$ 87,152	$ 15,342
Total Cost Pool		**$ 31,594,641**	**$ 34,670,579**	**$ 4,645,316**	**$ 6,277,171**	**$ 14,329,361**	**$ 5,349,259**	**$ 1,550,560**
Total Customers (page 304, line 43)		945,079	2,328,219	117,722	175,571	527,907	397,331	46,208
Customer Account Services Expense per Customer		**$ 33.43**	**$ 14.89**	**$ 39.46**	**$ 35.75**	**$ 27.14**	**$ 13.46**	**$ 33.56**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 20,536,170	$ 151,939,229	$ 8,999,663	$ 3,888,690	$ 28,229,324	$ 24,717,445	$ 207,762
Total O&M Payroll (page 355, line 65)		$ 104,863,883	$ 507,738,955	$ 31,284,068	$ 20,656,477	$ 37,423,258	$ 43,185,745	$ 1,786,218
Benefits as Percent of Payroll		19.6%	29.9%	28.8%	18.8%	75.4%	57.2%	11.6%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 10,675,980	$ 25,718,017	$ 2,925,473	$ 1,496,370	$ 4,588,293	$ 880,094	$ 260,452
Gas (page 354, line 37)		$ -	$ -	$ 1,823,135	$ -	$ -	$ 757,336	$ -
Total Payroll Charged to Customer Accounts		$ 10,675,980	$ 25,718,017	$ 4,748,608	$ 1,496,370	$ 4,588,293	$ 1,637,430	$ 260,452
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,331,456	$ 27,749,294	$ 3,332,632	$ 5,947,615	$ 11,543,567	$ 4,361,172	$ 1,511,496
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 11,100	$ -	$ 6,343	$ 2,104	$ 70,757	$ 248,889	$ 394
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,342,556	$ 27,749,294	$ 3,338,975	$ 5,949,719	$ 11,614,324	$ 4,610,061	$ 1,511,890
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 8,538,899	$ 10,994,121	$ 1,081,142	$ 1,248,628	$ 4,692,871	$ 2,015,982	$ 451,535
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 37,881,455	$ 38,743,415	$ 4,420,117	$ 7,198,347	$ 16,307,195	$ 6,626,043	$ 1,963,425
Percent Applicable to Customer Accounts Services (903 and 905)		77.5%	71.6%	75.5%	82.7%	71.2%	69.6%	77.0%
Customer Account Services Portion of Total Payroll		$ 8,269,496	$ 18,420,080	$ 3,587,118	$ 1,236,809	$ 3,267,878	$ 1,139,240	$ 200,555
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,619,469	$ 5,512,149	$ 1,031,926	$ 232,836	$ 2,465,044	$ 652,046	$ 23,327
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 8,269,496	$ 18,420,080	$ 3,587,118	$ 1,236,809	$ 3,267,878	$ 1,139,240	$ 200,555
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 632,616	$ 1,409,136	$ 274,415	$ 94,616	$ 249,993	$ 87,152	$ 15,342

Columbia Gas of Virginia, Inc.
Comparison Group 2006 Actual Customer Accounts Expense Per Customer

		Maryland			West Virginia	North Carolina		
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Wheeling Power	Prog Energy Carolinas	Duke Energy Carolinas	Group Average
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 24,951,967	$ 22,955,724	$ 42,649,066	$ 1,141,812	$ 45,691,330	$ 23,621,392	$ 244,788,523
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 2,055,350	$ 132,342	$ -	$ 885	$ 4,198,373	$ 3,030,346	$ 9,756,883
Subtotal		$ 27,007,317	$ 23,088,066	$ 42,649,066	$ 1,142,697	$ 49,889,703	$ 26,651,738	$ 254,545,406
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,600,814	$ 2,458,773	$ 11,804,990	$ 57,485	$ 5,112,756	$ 3,433,604	$ 43,005,220
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,206,236	$ 502,937	$ 1,219,591	$ 19,421	$ 1,536,425	$ 842,363	$ 9,090,242
Total Cost Pool		**$ 37,814,367**	**$ 26,049,777**	**$ 55,673,647**	**$ 1,219,603**	**$ 56,538,884**	**$ 30,927,705**	**$ 306,640,868**
Total Customers (page 304, line 43)		1,209,559	512,673	750,260	41,371	2,284,274	1,395,954	10,732,128
Customer Account Services Expense per Customer		**$ 31.26**	**$ 50.81**	**$ 74.21**	**$ 29.48**	**$ 24.75**	**$ 22.16**	**$ 28.57**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 46,781,318	$ 13,589,355	$ 40,935,859	$ 381,452	$ 173,527,451	$ 98,636,568	$ 612,370,286
Total O&M Payroll (page 355, line 65)		$ 156,864,023	$ 36,335,641	$ 55,282,932	$ 1,684,579	$ 681,652,343	$ 316,319,018	$ 1,995,077,140
Benefits as Percent of Payroll		29.8%	37.4%	74.0%	22.6%	25.5%	31.2%	30.7%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 22,532,516	$ 7,615,995	$ 17,351,748	$ 343,548	$ 23,342,805	$ 15,542,207	$ 133,273,498
Gas (page 354, line 37)		$ 11,481,793	$ 1,343,999	$ -	$ -	$ -	$ -	$ 15,406,263
Total Payroll Charged to Customer Accounts		$ 34,014,309	$ 8,959,994	$ 17,351,748	$ 343,548	$ 23,342,805	$ 15,542,207	$ 148,679,761
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 24,951,967	$ 22,955,724	$ 42,649,066	$ 1,141,812	$ 45,691,330	$ 23,621,392	$ 244,788,523
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,055,350	$ 132,342	$ -	$ 885	$ 4,198,373	$ 3,030,346	$ 9,756,883
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 27,007,317	$ 23,088,066	$ 42,649,066	$ 1,142,697	$ 49,889,703	$ 26,651,738	$ 254,545,406
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,845,852	$ 8,378,025	$ 3,770,383	$ 403,661	$ 8,095,094	$ 10,966,689	65482882
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 31,853,169	$ 31,466,091	$ 46,419,449	$ 1,546,358	$ 57,984,797	$ 37,618,427	$ 320,028,288
Percent Applicable to Customer Accounts Services (903 and 905)		84.8%	73.4%	91.9%	73.9%	86.0%	70.8%	1005.9%
Customer Account Services Portion of Total Payroll		$ 28,839,681	$ 6,574,345	$ 15,942,366	$ 253,868	$ 20,083,982	$ 11,011,275	$ 118,826,693
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,600,814	$ 2,458,773	$ 11,804,990	$ 57,485	$ 5,112,756	$ 3,433,604	$ 36,472,743
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 28,839,681	$ 6,574,345	$ 15,942,366	$ 253,868	$ 20,083,982	$ 11,011,275	$ 118,826,693
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,206,236	$ 502,937	$ 1,219,591	$ 19,421	$ 1,536,425	$ 842,363	$ 9,090,242

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Columbia Gas of Virginia, Inc.

2008 Affiliate Company Charges
Market Cost Comparison

April 2009

Baryenbruch & Company, LLC

Columbia Gas of Virginia, Inc.
2008 Affiliate Company Charges Market Cost Comparison

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Purpose of This Study

This study was undertaken to determine the reasonableness of Columbia Gas of Virginia, Inc.'s ("CGV") charges from NiSource Corporate Services Company ("NCSC") and several NiSource operating companies for services provided during 2008. Reasonableness was determined by answering the following three questions:

1. Are 2008 service-related affiliate charges to CGV reasonable compared to other utility service companies?

2. Did NCSC provide services to CGV at the lower of cost or market during 2008?

3. Is the 2008 cost of NCSC's customer accounts services comparable to those of other utilities?

Study Results

Concerning question 1, the following conclusions were reached:

- NCSC and other affiliates provide CGV with services similar to those provided by other utility service companies.

- The cost per CGV customer for services from NCSC and other affiliates is reasonable and favorable as compared to the cost per customer for similar utility service companies. CGV was charged an average of $86 per customer by NCSC and other affiliates, approximately 27% lower than the average of $118 per customer for comparison group service companies. This determination was based on service company information included in Form 60, which must be annually filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies. The comparison is based on data from 2007, the latest year for which Form 60 information is currently available.

Concerning question 2, the following conclusions were reached:

- NCSC's services were provided to CGV during 2008 at the lower of cost or market.

- On average, the hourly rates for outside service providers are 60% higher than comparable hourly rates charged by NCSC.

- If all of the managerial and professional services now provided by its affiliates had been outsourced in 2008, CGV and its customers would have incurred $10.7 million in additional expenses.

- Affiliates' charges do not include any profit markup. Only the actual cost of the service provided is being charged CGV and its customers.

Concerning question 3, the cost of NCSC and other affiliate's customer accounts services is well below the average of the neighboring electric utility comparison group. During 2008, CGV's customer accounts cost per customers was $16.97 compared to the utility comparison group's 2007 average of $28.93.

Based on this study's results, it can be concluded that CGV's 2008 service-related charges from NCSC and other affiliates are reasonable.

CGV's service-related charges to affiliates are not significant (approximately $210,000 in labor-related expenses). Affiliates are charged at CGV's fully loaded cost. The majority of these services are construction-related and not easily benchmarked to publicly available outside provider hourly rate information. For these reasons, no market testing was performed on these transactions.

Overview of CGV Affiliate Company Services

NCSC provides the following types of services to NiSource operating companies, including CGV:

- Accounting
- Payroll
- Auditing
- Employee benefits
- Planning
- Risk management
- Tax
- Legal
- Environmental
- Financial
- Information technology
- Telecommunications.

In June 2005, NCSC signed a 10-year agreement with IBM under which IBM provided a broad range of business process and support services to NiSource. In 2007, NCSC decided to change this agreement. A NiSource Inc. 10Q issued describes the changes as follows:

> *In December 2007, NiSource and IBM finalized a restructuring of their business services agreement. Under the restructured agreement, IBM will primarily provide information technology services, with a number of other business service functions to be transitioned back to the NiSource organization. Through the third quarter of 2008, certain Meter to Cash, Human Resources, Sales Center, remaining Finance and Accounting (except for Accounts Payable) and Supply Chain Management support services transitioned back to the company. NiSource has made a decision to transition certain Accounts Payable functions to another Service Provider.*

NCSC Billing of Affiliate Companies

NiSource Corporate Services ("NCSC'') was regulated by the Securities and Exchange Commission ("SEC") under the Public Utility Holding Company Act of 1935 ("PUHCA") until February 8, 2006, when the Public Utility Holding Company Act ("PUHCA 2005") was enacted. PUHCA 2005 transferred regulatory jurisdiction over public utility holding companies from the SEC to the Federal Energy Regulatory Commission ("FERC"). NCSC continued to follow the SEC Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies until January 1, 2008. Effective January 1, 2008, the FERC requires service companies to move to its Uniform System of Accounts.

Pursuant to FERC Order No. 684 issued October 19, 2006, Centralized Service Companies must use a cost accumulation system, provided such system supports the allocation of expenses to the services performed and readily identifies the source of the expense and the basis for the allocation. NCSC has long used a job order system to collect costs that are applicable and billable to all affiliates including Columbia Gas of Virginia. Each job order details the affiliate(s) to be charged for the specified services and the basis for allocating charges when more than one affiliate receives the same service.

The service agreement between CGV and NCSC stipulates that all services will be provided at cost. Allocations among affiliates are only made when it is impractical to charge an affiliate directly.

The Bases of Allocation, shown in Schedule 1, are used by the Corporate Services Accounting Department for apportioning Job Order charges to affiliates.

Categories of billings assigned by NCSC to affiliates include the following:

- Convenience Billings – Includes charges for expenses paid by NCSC on behalf of affiliates to third party providers of services. These charges are considered "pass-through" costs, flowing through NCSC for the convenience and benefit of all affiliates. Typical charges include external audit fees, employee benefits, vehicle leasing, corporate insurance and wire transfers for hedging margin accounts.

- Payroll Funding – Includes CGV payroll costs that are disbursed by NCSC. NCSC makes these payments on behalf of all subsidiaries and CGV wires the requisite cash to NCSC on a monthly basis.

- Contract billings - Includes charges for the costs incurred by NCSC to render the services that are agreed to be provided according to the Service Agreement. The charges may be direct or allocated, depending upon the nature of the expense.

The relationship between NCSC and CGV is set forth in a service agreement which was approved by the Virginia State Corporation Commission on September 21, 2005 and amended on October 9, 2007.

Affiliate Operating Company Billing of Other Affiliates

Besides NCSC, other affiliate entities charge CGV for various goods and services. These items are charged to CGV at fully loaded cost.

Schedule 1

Columbia Gas of Virginia, Inc.
Bases for Allocating Service Company Charges to Affiliates

Basis 1 - Gross Fixed Assets and Total Operating Expenses Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates.
Basis 2 - Gross Fixed Assets Job order charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates.
Basis 7 - Gross Depreciable Property and Total Operating Expenses Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates.
Basis 8 - Gross Depreciable Property Job order charges will be allocated to each benefited affiliate on the basis of the relationship of its total depreciable property to the sum of the total depreciable property of all benefited affiliates.
Basis 9 - Automobile Units Job order charges will be allocated to each benefited affiliate on the basis of its number of automobile units to the total number of all automobile units of the benefited affiliates.
Basis 10 - Number of Retail Customers Job order charges will be allocated to each benefited affiliate on the basis of its number of retail customers to the total number of all retail customers of the benefited affiliates.
Basis 11 - Number of Regular Employees Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates.
Basis 13 - Fixed Allocation Job order charges will be allocated to each benefited affiliate on the basis of fixed percentages on an individual project basis.
Basis 14 - Number of Transportation Customers Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates.
Basis 15 - Total Employees and Customers Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of employees and customers to the total of all employees and customers of the benefited affiliates.
Basis 16 - Total Plant, State Employees and Customers Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Plant, State Employees and Customers to the total of all Plant, State Employees and Customers of the benefited affiliates.
Basis 17 - Total Tariff and Transportation Throughput Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Tariff and Transportation Throughput to the total of all Tariff and Transportation Throughput of the benefited affiliates.
Basis 20 - Direct Costs Job order charges will be allocated to each benefited affiliate on the basis of the relation of its direct costs billed by Service Corporation to the total of all direct costs billed by Service Corporation.

Analysis of CGV Charges from Affiliates

During 2008, the following affiliate entities charged CGV approximately $232 million.

Affiliate Entity		Total
NiSource Corporate Services	$	195,984,880
Columbia Gulf Transmission	$	1,876,542
Columbia Network Services	$	8,208
Columbia Gas of Kentucky	$	275,872
Columbia Gas of Ohio	$	2,446,519
Columbia Gas of Maryland	$	1,583
Columbia Gas of Pennsylvania	$	505,092
Columbia Gas Transmission	$	20,063,823
NiSource, Inc.	$	417,000
NiSource Finance	$	9,402,129
Bay State Gas	$	5,270
NiSource Money Pool	$	1,262,111
Total	$	232,249,029

These charges were analyzed to determine which were service-related and could be subjected to a cost comparison. The table below shows the amounts charged CGV during 2008 by type of transaction. The first three items—Interest on Debt and Taxes, Gas Purchase and Transportation Expense, and Convenience Billings and Payroll—do not involve the provision of services.

			Cost Comparison Testing Disposition		
Type of Transaction		2008 Affiliate Charges To CGV	Involves A Service?	Comparative Data Available?	Evaluated In This Study?
Interest on Debt and Taxes	$	10,664,240	No	na	No
Gas Purchase and Transportation Expenses	$	21,679,092	No	na	No
Convenience Billings and Payroll	$	178,118,643	No	na	No
Contract Services	$	17,866,237	Yes	Yes	Yes
Billings From Other Affiliates - Balance Sheet Accts	$	1,814,465	Limited	No	No
Billings From Other Affiliates - Income Statement Accts	$	2,106,352	Limited	Yes	Yes
Total 2008 Affiliate Company Billings	**$**	**232,249,029**			

Contract Services charges are for management, professional and technical services. Comparative information is available for these charges, thus they were included in the scope of this study.

NiSource regulated operating companies will sometimes support one another in times of emergency or when one's backlog of work exceeds its available resources. This sharing arrangement is meant to reduce the cost of service for all ratepayers. The Billings From Other Affiliates line items in the table above relate to this shared support arrangement.

Much of the total $1.8 million in Billings From Other Affiliates – Balance Sheet was for construction costs charged by Columbia Gas of Ohio. Only $87,000 of

these charges was labor-related. No publicly available market information was found for outside provider of construction services. Thus, this study did not subject these 2008 charges to a cost comparison. Also included in these charges was $358,000 in billings associated with entries made to reallocated pension and other post employment benefits (OPEB) liabilities among NiSource, Inc. companies based on a measurement by Hewitt, the corporation's compensation and benefits consultant.

From Other Affiliates - Income Statement-related transactions are for various operations services and customer account services. Of the $2.1 million in these charges, approximately $688,000 was for labor-related services. Some comparison data was found for these services so, to the extent possible, they were included in the scope of this study.

Comparison Methodology for Charges from Affiliates

2008 affiliate charges that are included in the scope of this study are evaluated in connection with three questions, as shown in the table below.

			Study Question		
Type of Transaction		2008 Affiliate Charges To CGV	1 - Reasonableness	2 - LCM Pricing	3 - Cust Acct Services
Contract Services	$	17,866,237	X	X	X
Billings From Other Affiliates - Income Stmt. Accts	$	2,106,352	X		X

The first question—are affiliate charges for services reasonable—was answered by comparing CGV's affiliate charges per customer to those of utility service companies that file a FERC Form 60 – Annual Report of Service Companies. This comparison was made with 2007 Form 60 data, the latest year Form 60 data is available (the filing deadline for the Form 60 is May 1st).

This study's second question—whether NCSC's services were provided to CGV during 2008 at the lower of cost or market—was determined by comparing the cost per hour for managerial and professional services provided by NCSC personnel, to hourly billing rates that would be charged by outside providers of equivalent services. NCSC's costs per hour were based on actual charges to CGV during the 12 months ended December 31, 2008. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by NCSC.

The third question—whether affiliate customer account services charges were comparable to other utilities—was addressed by comparing CGV's total customer

accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be readily obtained from FERC Form 1 data. The availability and transparency of FERC data adds to the validity of its use in this comparison. The comparison was made using 2007 data, the latest year for which FERC Form 1 data is available (the filing deadline for FERC Form 1 is April 18th).

Analysis of CGV Charges to Affiliates

CGV charged affiliates $2.1 million during 2008, as shown below.

	2008 Charges From CGV
Billings to Other Affiliates - Balance Sheet Accounts	$ 1,910,099
Billings to Other Affiliates - Income Statement Accounts	$ 186,505
Total Charges To Affiliates	**$ 2,096,604**

Most Balance Sheet-related billings consist of construction work CGV performed for affiliate operating companies. Only $178,000 of these charges was labor-related.

Income Statement-related billings consists of rent charged to NCSC for its employees located in CGV's Chester, Virginia offices and charges for a variety of services CGV provided to affiliate operating companies. This cost sharing arrangement ultimately provides system ratepayers with lower costs of service. Here too, a relatively small portion of these charges were labor related ($32,000).

CGV charges affiliates its fully loaded cost for these items. No market testing was performed on 2008 charges to affiliates because the costs that are service-related are not material.

CGV's Cost per Customer

During 2008, CGV was charged $86 per customer in service-related charges from NCSC and other affiliates.

2008 NCSC Contract Charges			$ 17,866,237
Adjustments (Items Excluded From Comparison Group):			
3034 - Capitalized Portion - Inflights	$	(7,057)	
3044 - Capitalized Portion - Transfrm	$	(122,062)	
3054 - Capitalized Portn-PCs & Laptops	$	(94,905)	
3064 - Capitalized Portion - WMS	$	27,626	
3065 - Cap Portion - WMS Conv. Billed	$	(296,923)	
3074 - Capitalized Portion - RFS	$	3,115	
9604 - Income Taxes Federal	$	408,772	
9605 - Income Taxes State	$	61,897	
9606 - Deferred Income Taxes Federal	$	(369,087)	
9607 - Deferred Income Taxes State	$	(58,514)	
Net NCSC Adjustments	$	(447,137)	$ 447,137
Net NCSC Service-Related Charges			$ 18,313,374
Other Affiliate 2008 Service-Related Affiliate Billings (O&M)			
Columbia Network Services	$	8,208	
Columbia Gas of Kentucky	$	9,388	
Columbia Gas of Ohio	$	1,421,156	
Columbia Gas of Maryland	$	1,583	
Columbia Gas of Pennsylvania	$	389,769	
Columbia Gas Transmission	$	229,381	
NiSource, Inc.	$	46,867	
Total Other Affiliates	$	2,106,352	$ 2,106,352
Total 2008 NCSC and Other Affiliate Service-Related Charges			$ 20,419,726
Total CGV Customers at 12/31/08			236,823
2008 CGV Cost Per Customer			**$ 86**

Comparison Group Cost per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

NCSC files a Form 60. Twenty-two other utility holding companies filed a Form 60 for 2007. All but two became part of the comparison group. The service company for PNM Resources, Inc. was excluded because its total 2007 service company cost per regulated utility customer was a negative amount, clearly an anomaly. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies was not

required to provide data for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

Schedule 2 compares the services provided by NCSC to the services provided by comparison group service companies. In general, the types of services provided by NCSC are similar to those provided by comparison group service companies.

Operating and maintenance expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (p. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (e.g., accounting, information technology) and type of cost (e.g., labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in NCSC's 2008 charges to CGV:

- All electric-specific services
- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411) and investment tax credit (account 411.5).
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430) and other interest expense (account 431)

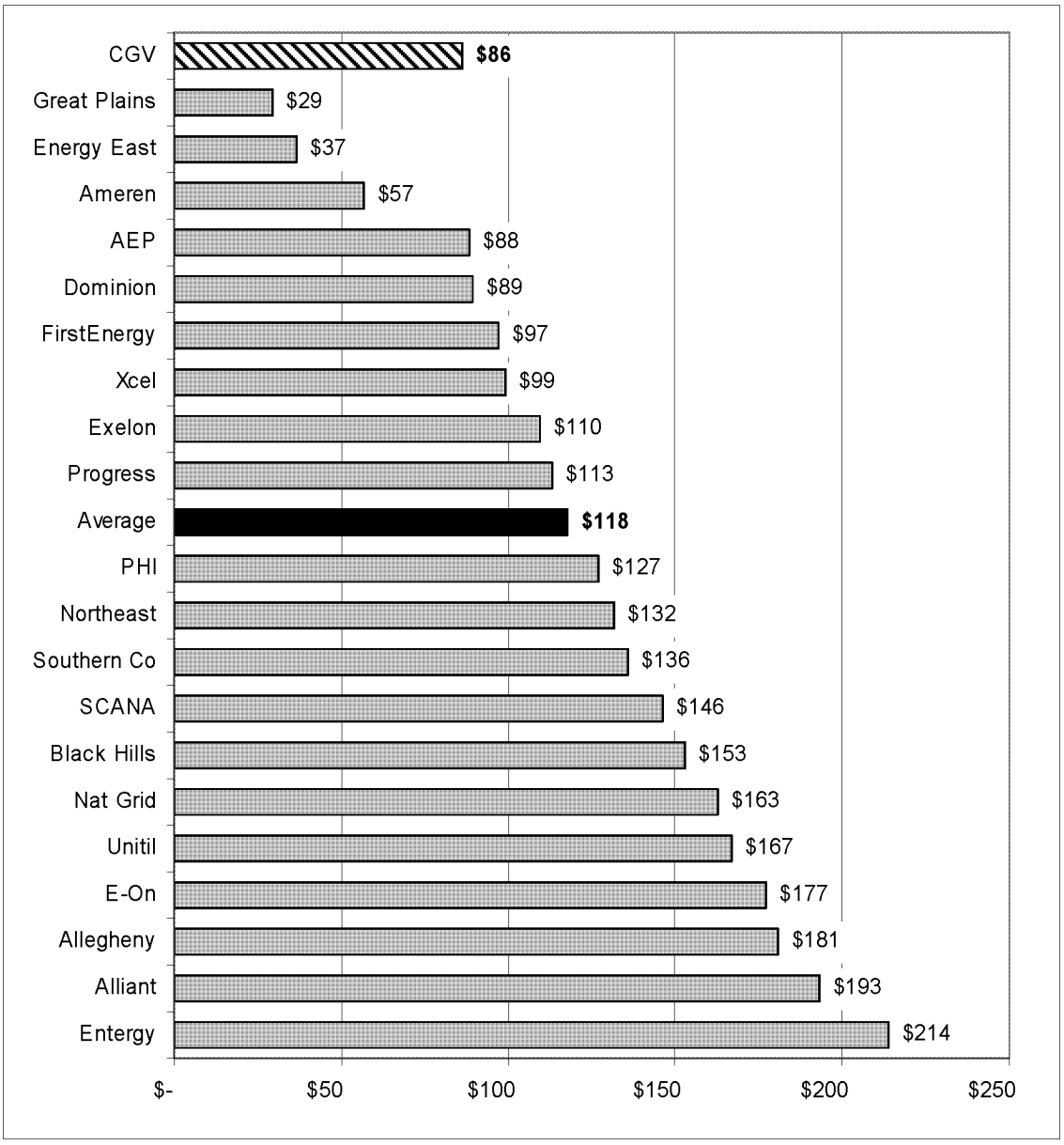
Comparison group service company 2007 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

Schedule 3 shows CGV's 2008 Service Company cost per customer of $86 to be considerably lower than the average of $118 per customer for the comparison group service companies. Only 3 of 20 comparison group service companies had a lower 2007 cost per customer than CGV. These results further support the conclusion that the NCSC's 2008 charges to CGV were reasonable.

Columbia Gas of Virginia
Analysis of Service Company Services

	Comparison Group Utility Service Company																				
Service Category	NCSC to CGV	AEP	Allegheny	Alliant	Ameren	Black Hills	Dominion	Energy East	Entergy	E-On	Exelon	FirstEnergy	Great Plains	Nat Grid	NiSource	Northeast	PHI	Progress	SCANA	Southern Co	Unitil	Xcel
Accounting	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X			X	X	X
Auditing	X	X	X	X	X	X	X	X		X	X	X		X			X	X		X	X	X
Business Services	X			X										X				X				X
Corporate Planning	X	X	X	X		X	X	X		X		X	X	X	X		X		X		X	X
Customer Service	X	X	X	X	X	X	X			X	X	X	X	X			X	X			X	X
Energy Marketing		X	X	X	X	X	X	X	X	X	X	X		X	X	X		X	X	X	X	X
Environmental & Safety					X																	X
Executive	X	X	X		X	X	X			X		X		X			X	X			X	X
External Affairs		X	X	X		X	X			X	X	X		X	X	X		X		X	X	X
Finance	X						X			X				X		X		X	X	X	X	X
Human Resources	X	X		X	X	X	X			X		X		X		X		X	X			X
Information Technology	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X		X	X
Legal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
Operations	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Regulatory Services	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
Risk Management	X	X	X	X	X	X	X	X	X	X	X	X		X		X	X	X	X	X	X	X
Supply Chain	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Treasury	X						X							X								X
Total Services	15	14	13	14	13	14	16	10	7	15	11	14	8	17	8	10	11	14	10	8	14	18

Comparison of Service Company Annual Costs Per Customer



Methodology

NCSC's 2008 corporate services-related billings to CGV are market tested by comparing the cost per hour for NCSC services to those of outside service providers to whom these duties could be assigned.

The first step was to determine which types of outside providers could assume Service Company services. Based on the nature of these services it was determined that the following outside service providers could perform the categories of services indicated.

- Attorneys - corporate secretarial and legal services
- Certified Public Accountants - accounting, finance, information systems and rates and regulatory
- Professional Engineers – engineering and operations services
- Management Consultants - executive and administrative management, risk management services, human resources and communications services

The next step was to calculate NCSC's hourly rate for each of the four outside service provider categories, based on the dollars and hours charged to CGV during the 12-months ended December 31, 2008.

Hourly billing rates for outside service providers were next determined using information from pertinent surveys.

Finally, the NCSC's average cost per hour was compared to the average cost per hour for outside providers.

NCSC Hourly Rates

The first step in determining NCSC's hourly rates is to determine the appropriate expenses to be included in the calculation. As shown below, certain NCSC charges were excluded from the hourly rate calculations. Excluded cost elements are charges that are, in effect, already outsourced (e.g., IBM outsourcing, outside services expenses) or items that an outside provider would not typically recover in their hourly rates (e.g., travel expenses). The net result of these adjustments is the total applicable cost pool that is subjected to the lower-of-cost-or-market testing.

V – Question 2 – Provision of Services at the Lower of Cost or Market

2008 Total Contract Billings from NCSC		$ 17,866,237
Less: Excludable Cost Elements:		
3000 - Consulting Services	$	608,556
3001 - Advertising Services	$	211,519
3002 - Legal Services	$	179,990
3003 - Auditing Services	$	6,214
3011 - Temporary Personnel Services	$	88,819
3012 - Security Services	$	2,432
3015 - Other Outside Services	$	368,280
3016 - Other Maintenance Services	$	677
3030 - Outsourcing - Est. Fixed Costs	$	(83,713)
3031 - Outsourcing - Variable Costs	$	325,569
3032 - Transition Costs	$	175,104
3033 - Sales Tax	$	112,153
3034 - Capitalized Portion - Inflights	$	(7,057)
3035 - Supplemental Contract Costs	$	230,505
3036 - Service Level Agreements	$	(68,617)
3037 - Miscellaneous Reimbursements	$	(34,669)
3038 - Request for Service (RFS)	$	52,260
3040 - Outsourcing - Act. Fixed Costs	$	6,850,993
3041 - Outsourcing-Variable Csts-RRCs	$	(196,698)
3043 - Outsourcing - Credits	$	(34,485)
3044 - Capitalized Portion - Transfrm	$	(122,062)
3054 - Capitalized Portn-PCs & Laptops	$	(94,905)
3064 - Capitalized Portion - WMS	$	27,626
3074 - Capitalized Portion - RFS	$	3,115
3100 - Business Expenses	$	255,884
3101 - Meals Special Cases Only	$	1,652
3102 - Meals and Entertainment	$	86,605
3357 - Vehicle Maint/Other Costs Clrd	$	186
3634 - Purchase of Property	$	54,200
3645 - Sale of Property	$	211,185
9604 - Income Taxes Federal	$	408,772
9605 - Income Taxes State	$	61,897
9606 - Deferred Income Taxes Federal	$	(369,087)
9607 - Deferred Income Taxes State	$	(58,514)
3065 - Cap Portion - WMS Conv. Billed	$	(296,923)
2008 Testable Contract Billings from NCSC (Note A)	$	8,908,776

Note A: This total breaks down as following for later analysis:

Service-Related Charges	$	7,818,360
Overhead-Related Charges	$	1,090,415
2008 Testable Contract Billings from NCSC	$	8,908,776

The next step was to assign NCSC's service-related charges to the four outside service provider cost pools—attorney, certified public accountant, engineer and management consultant. Among other things, NCSC assigns a "department" to all affiliate charges. Based on the nature of services performed by these departments, NCSC's charges were assigned to the four outside provider cost pools, as shown in Schedule 4.

V – Question 2 – Provision of Services at the Lower of Cost or Market

Schedule 5 shows the assignment of staff hours by department to the four outside service provider cost pools. It should be noted that only exempt personnel hours are included in Schedule 5 because outside providers sometimes do not charge clients for administrative/secretarial support (i.e., non-exempt staff). Instead, they recover the cost of non-exempt staff through the hourly rates of the firm's professionals. Some outside providers bill customers for non-exempt personnel, but this study chose to be conservative in this regard. By excluding non-exempt hours from the hourly rate denominator, there are fewer hours to divide into the cost pool. Consequently, NCSC's hourly rates are somewhat higher using this approach.

Within the total 2008 NCSC charges are overhead-related items associated with sustaining NCSC personnel. Most of these expenses are depreciation expense and rent on various NCSC facilities and equipment. The 2008 amounts by department are shown below. Since these expenses would also be incurred by outside service providers, it is necessary to add them into the NCSC cost pools.

Department	2008
0005000 - Aviation Services	187,329
0007100 - Insurance - Premiums	66,142
0017000 - TPC/NET	9
0042000 - General	511,085
0047000 - Facilities Management	275,048
0049000 - Real Estate Management	5,682
0087000 - Materials and Supplies	7,111
0088000 - Fleet Management	38,010
Total	1,090,416

Based on the assignment of expenses and hours to outside provider categories, NCSC's 2008 equivalent cost per hour is calculated below.

	NCSC Hourly Rates				
	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 656,671	$ 3,029,868	$ 2,087,416	$ 2,044,406	$ 7,818,360
Overhead Expenses (Note A)	$ 91,595	$ 423,081	$ 291,141	$ 284,599	$ 1,090,416
Cost Pool Total	$ 748,266	$ 3,452,949	$ 2,378,557	$ 2,329,004	$ 8,908,776
Hours	10,531	51,607	36,314	35,261	133,712
Average Hourly Rate	**$ 71**	**$ 67**	**$ 66**	**$ 66**	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses, as calculated below.

	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 656,671	$ 3,029,868	$ 2,087,416	$ 2,044,406	$ 7,818,360
Percent of Cost Pool Total	8.4%	38.8%	26.7%	26.1%	100.0%
Allocation Of Overhead Expenses	$ 91,595	$ 423,081	$ 291,141	$ 284,599	$ 1,090,416

Schedule 4

Columbia Gas of Virginia, Inc.
Outside Provider Cost Pools For 2008 NCSC Contract Billings Charges

	Outside Provider				
Department	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	Total
Accounts Payable		$ 33,447			$ 33,447
Administrative Services				$ 30,043	$ 30,043
Audit		$ 163,425			$ 163,425
Business Continuity				$ 13,419	$ 13,419
Capital Management and Analysis		$ 222,917			$ 222,917
Chief Information Officer				$ 84,934	$ 84,934
Consolidated Financial Reporting		$ 184,862			$ 184,862
Consolidated Taxes		$ 198,346			$ 198,346
Corporate Affairs				$ 37,965	$ 37,965
Corporate Communications				$ 64,633	$ 64,633
Corporate Development				$ 32,180	$ 32,180
Corporate Human Resources				$ 120,981	$ 120,981
Corporate Secretary	$ 32,108				$ 32,108
Corporate Security				$ 44,438	$ 44,438
Credit Risk Management				$ 42,812	$ 42,812
Customer Services		$ 384,841			$ 384,841
Distribution Operations			$ 78,761		$ 78,761
Distribution Operations Management				$ 139,832	$ 139,832
Engineering Services			$ 157,847		$ 157,847
Enterprise Transformation				$ 115,750	$ 115,750
Environmental, Health & Safety			$ 218,177		$ 218,177
ESS Administration			$ 27,537		$ 27,537
Executive				$ 61,905	$ 61,905
Finance & Strategies		$ 325,200			$ 325,200
Financial Planning		$ 24,290			$ 24,290
Gas Supply			$ 934,879		$ 934,879
Gas Systems Planning and Modeling			$ 109,141		$ 109,141
Governance				$ 33,377	$ 33,377
Governmental Affairs				$ 27,981	$ 27,981
HR Support				$ 192,245	$ 192,245
Information Technology		$ 145,085			$ 145,085
Insurance				$ 35,408	$ 35,408
Investor Relations				$ 12,748	$ 12,748
IT Security & Compliance		$ 277,719			$ 277,719
Legal	$ 624,563				$ 624,563
Logistics			$ 63,178		$ 63,178
New Business Processes				$ 403,322	$ 403,322
NiSource Training				$ 46,523	$ 46,523
OD/HRIS Exec / Organizational Devel				$ 20,732	$ 20,732
Operations			$ 71,996		$ 71,996
Operations Planning			$ 44,700		$ 44,700
Payroll Services		$ 16,430			$ 16,430
Performance Management		$ 62,874			$ 62,874
Regulated Revenue Management				$ 2,167	$ 2,167
Regulatory		$ 216,194			$ 216,194
Retail Services				$ 17,705	$ 17,705
Revenue Transactions		$ 183,207			$ 183,207
Risk Management				$ 10,815	$ 10,815
Segment Accounting		$ 478,829			$ 478,829
Standards and Compliance				$ 452,493	$ 452,493
Supply Chain Administration			$ 191,600		$ 191,600
Technical Operations			$ 144,375		$ 144,375
Treasury		$ 97,224			$ 97,224
Work Management - GIS			$ 45,226		$ 45,226
Work Management System		$ 14,976			$ 14,976
Total	$ 656,671	$ 3,029,868	$ 2,087,416	$ 2,044,406	$ 7,818,360

Schedule 5

Columbia Gas of Virginia, Inc.
Outside Provider Hour Pools For 2008 NCSC Contract Billings Charges

Department	Outside Provider				
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	Total
Accounts Payable		802			802
Administrative Services				317	317
Audit		2,718			2,718
Business Continuity				246	246
Capital Management and Analysis		4,129			4,129
Chief Information Officer				664	664
Consolidated Financial Reporting		3,568			3,568
Consolidated Taxes		3,882			3,882
Corporate Affairs				452	452
Corporate Communications				788	788
Corporate Development				517	517
Corporate Human Resources				2,032	2,032
Corporate Secretary	574				574
Corporate Security				714	714
Credit Risk Management				750	750
Customer Services		3,407			3,407
Distribution Operations			625		625
Distribution Operations Management				684	684
Engineering Services			2,882		2,882
Enterprise Transformation				1,757	1,757
Environmental, Health & Safety			3,853		3,853
ESS Administration			241		241
Executive				869	869
Finance & Strategies		7,026			7,026
Financial Planning		339			339
Gas Supply			17,509		17,509
Gas Systems Planning and Modeling			2,231		2,231
Governance				524	524
Governmental Affairs				320	320
HR Support				3,627	3,627
Information Technology		-			-
Insurance				755	755
Investor Relations				134	134
IT Security & Compliance		2,464			2,464
Legal	9,957				9,957
Logistics			1,049		1,049
New Business Processes				10,354	10,354
NiSource Training				792	792
OD/HRIS Exec / Organizational Devel				414	414
Operations			293		293
Operations Planning			654		654
Payroll Services		403			403
Performance Management		1,388			1,388
Regulated Revenue Management				171	171
Regulatory		5,081			5,081
Retail Services				347	347
Revenue Transactions		2,616			2,616
Risk Management				160	160
Segment Accounting		12,505			12,505
Standards and Compliance				7,873	7,873
Supply Chain Administration			4,258		4,258
Technical Operations			2,104		2,104
Treasury		1,277			1,277
Work Management - GIS			615		615
Work Management System		-			-
Total	**10,531**	**51,607**	**36,314**	**35,261**	**133,712**

Outside Service Provider Hourly Rates

The next step in the lower of cost or market comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys (Virginia Lawyers Weekly used to ask for hourly rates in its annual survey but eliminated that question a few years ago). Therefore, an estimate of Virginia attorney rates was developed from surveys of Michigan and Massachusetts lawyers conducted annually by the publications, Michigan Lawyers Weekly and Massachusetts Lawyers Weekly. As presented in Schedule 6, the average rate for each Michigan and Massachusetts firm respondent was adjusted for the cost of living differential between their location and Richmond, Virginia. The survey includes hourly rates that were in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of 2008.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2008 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a range of accountant positions, as shown in Schedule 7. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of 2008.

Professional Engineers

CGV provided 2008 hourly rate information for three engineering firms that are periodically used by the company when outside engineering services are required. As shown in Schedule 8, an average rate was developed for a range of engineering positions. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Management Consultants

The cost per hour for management consultants was developed from the 2008 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in

Schedule 9, was to determine an average rate by consultant position. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. This survey includes rates that were in effect at December 31, 2007 for firms in the United States. This 2007 average rate was escalated to June 30, 2008—the midpoint of 2008.

Columbia Gas of Virginia, Inc.
2008 Billing Rates Of Virginia Attorneys

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	85%	$ 427
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	147%	$ 241
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	147%	$ 322
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	147%	$ 240
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	115%	$ 277
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	115%	$ 236
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	147%	$ 223
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	147%	$ 203
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	147%	$ 243
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	147%	$ 328
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	147%	$ 166
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	147%	$ 205
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	137%	$ 211
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	147%	$ 196
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	147%	$ 209
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	147%	$ 169
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	116%	$ 171
							Overall Average 2007 Billing Rate		$ 253

Escalation to Test Year's Mid-Point - June 30, 2008 (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Billing Rate At June 30, 2008	**$ 264**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Richmond, Virginia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Richmond. A number less than 100% indicates Richmond's cost of living is higher.

Columbia Gas of Virginia, Inc.
2008 Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 80	$ 107	$ 138	$ 165	
Percent of Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 28	$ 33	**$ 117**

Escalation to Midpoint of June 30, 2008 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For CPAs At June 30, 2008	**$ 122**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Columbia Gas of Virginia, Inc.
2008 Billing Rates Of Virginia Engineers

Note: Billing rates were those in effect in 2008

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates		
Name of Firm	Engineer Tech Land Agent CAD Technician	Engineer Land Surveyor Envir. Scientist	Licensed Professional Engineer
Firm #1	$75	$93	$125
Firm #2	$62	$71	$80
Firm #3	$64	$85	$95

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Land Agent, Environ Tech, CAD Technician Geotech Technician	Land Surveyor Geotech Engineer Engineer	Prof. Engineer	
Average Hourly Billing Rate (From Above)	$67	$83	$100	
Typical Percent of Time on an Engineering Assignment	33%	33%	34%	Weighted Average
	$22	$27	$34	**$83**

Source: Information provided by Columbia Gas of Virginia. Firm names are confidential.

Columbia Gas of Virginia, Inc.
2008 Billing Rates Of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 181	$ 236	$ 286	$ 333

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$181	$236	$286	$333	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 54	$ 47	$ 29	$ 33	**$ 206**

Escalation to Midpoint of December 31, 2008 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For Management Consultants At June 30, 2008	**$ 214**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2008 Edition," Association of Management Consulting Firms
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

NCSC Versus Outside Provider Cost Comparison

As shown in the table below, NCSC's costs per hour are considerably lower than those of outside providers.

	2008 Cost/Hour Difference		
Service Provider	NCSC	Outside Providers	Difference-- NCSC Greater(Less) Than Outside
Attorney	$ 71	$ 264	$ (193)
Certified Public Accountant	$ 67	$ 122	$ (55)
Professional Engineer	$ 66	$ 83	$ (18)
Management Consultant	$ 66	$ 214	$ (148)

As calculated below, based on these cost per hour differentials and the number of hours that NCSC billed CGV during 2008, the services would cost $10.7 million more from outside providers. This is 60% more ($10,730,648 / $17,866,237 = 60%) than NCSC's total 2008 contract billings to CGV.

	2008 Total Cost Difference		
Service Provider	Hourly Rate Difference-- NCSC Greater(Less) Than Outside	NCSC Hours Charged	Dollar Difference
Attorney	$ (193)	10,531	$ (2,029,637)
Certified Public Accountant	$ (55)	51,607	$ (2,821,935)
Professional Engineer	$ (18)	36,314	$ (649,647)
Management Consultant	$ (148)	35,261	$ (5,229,429)
			$ (10,730,648)

Comparison Methodology

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of NCSC and other affiliate's customer accounts services-related charges to CGV with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, CGV's charges from affiliates for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Schedule 10 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

905 – Miscellaneous Customer Accounts Expenses

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Neighboring electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1s show amounts for Accounts 903 and 905.

Virginia	• Appalachian Power	• Virginia Electric & Power
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Appalachian Power • Monongahela Power	• Wheeling Power
North Carolina	• Duke Energy Carolinas	• Progress Energy Carolinas
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
Tennessee	• Kingsport Power	

CGV Cost per Customer

As calculated in Schedule 11, CGV's annual customer accounts expense per customer is $16.97. CGV's cost pool includes the same expense items that are included in the neighboring electric utilities' customer accounts expenses.

Comparison Group Cost per Customer

Schedule 12 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary of Results

As shown in the table below, CGV's cost per customer is below the electric utility comparison group average. Based upon this data, 2008 charges from NCSC and other affiliates for customer account services are reasonable.

Customer Account Services Expenses/Customer	
Louisville Gas & Electric	$ 13.71
Virginia Electric & Power	$ 15.89
Monongahela Power	$ 16.10
Columbia Gas of Virginia	**$ 16.97**
Duke Energy Carolinas	$ 23.98
Progress Energy Carolinas	$ 24.66
Kentucky Utilities	$ 25.91
Wheeling Power	$ 28.08
Comparison Group Average	**$ 28.93**
Kingsport Power	$ 32.31
Baltimore Gas & Electric	$ 32.50
Duke Energy Kentucky	$ 34.88
Appalachian Power	$ 34.99
Kentucky Power	$ 37.59
Delmarva Power & Light	$ 61.87
Potomac Electric	$ 70.37

Columbia Gas of Virginia, Inc.
CGV 2008 Customer Accounts Expense Per Customer

NiSource Company	Source of Charges		Amount
Service Company (12)	0019300 - Customer Engagement	$	971
	0021200 - Customer Programs	$	19,933
	0030300 - Performance Management	$	66,700
	0053000 - Revenue Transactions	$	145,773
	0099100 - IBM Billing - Call Center	$	1,798,279
	0099500 - IBM Billing - Meter to Cash	$	355,696
CG-Ohio (34)	1837 - Cash Processing	$	55,710
	1838 - Bill Exception Processing	$	9,991
	1839 - Revenue Recovery	$	71,934
	Distribution Operations	$	6,316
CG-Pennsylvania (37)	1826 - Meter Reading & Collections	$	10,252
	1839 - Revenue Recovery	$	67,655
	Distribution Operations	$	106
CG-Kentucky (32)	1837 - Cash Processing	$	125
CG-Virginia	1837 - Cash Processing	$	248,680
	1839 - Revenue Recovery	$	18,907
	2560 - Customer Call Center	$	189
	Distribution Operations (A)	$	937,300
	Customer Payment Processing (B)	$	203,194
	Customer Accounts Cost Pool Total	$	4,017,712
	CGV customers at 12/31/08		236,823
	2008 Cost Per Customer	**$**	**16.97**

Note A: Also includes charges for billing-related postage

Note B: Payment Processing Expenses

CGV customers at 12/31/08		236,823
Number of customer payments/year		12
Total payments		2,841,876
Bank processing cost/payment	$	0.0715
Total Payment Processing Expense	$	203,194

Columbia Gas of Virginia, Inc.
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky			
		Appalachian Power	VEPCO	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric
Customer Account Services Cost Pool							
FERC Account Balances:							
Account 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ 75,852	$ 2,888	$ 173,641	$ 215,534
Subtotal		$ 31,332,299	$ 32,253,336	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,429,385	$ 3,831,664	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 534,319	$ 1,451,975	$ 264,982	$ 111,009	$ 230,888	$ 94,002
Total Cost Pool		**$ 33,296,003**	**$ 37,536,975**	**$ 4,668,963**	**$ 6,605,240**	**$ 13,824,490**	**$ 5,494,491**
Total Customers (page 304, line 43)		951,693	2,362,318	133,868	175,705	533,512	400,703
Customer Account Services Expense per Customer		**$ 34.99**	**$ 15.89**	**$ 34.88**	**$ 37.59**	**$ 25.91**	**$ 13.71**
Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,499,955	$ 120,865,073	$ 9,725,767	$ 4,466,809	$ 22,618,725	$ 20,138,689
Total O&M Payroll (page 355, line 65)		$ 105,057,647	$ 598,702,458	$ 31,182,162	$ 22,664,819	$ 39,257,367	$ 45,624,056
Benefits as Percent of Payroll		20.5%	20.2%	31.2%	19.7%	57.6%	44.1%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 8,227,618	$ 25,945,148	$ 1,323,882	$ 1,702,053	$ 4,110,913	$ 960,068
Gas (page 354, line 37)				$ 3,112,805			$ 771,056
Total Payroll Charged to Customer Accounts		$ 8,227,618	$ 25,945,148	$ 4,436,687	$ 1,702,053	$ 4,110,913	$ 1,731,124
Percent Applicable to Customer Accounts Services (903 and 905):							
Account 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ 75,852	$ 2,888	$ 173,641	$ 215,534
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 31,332,299	$ 32,253,336	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099
Account 902 - Meter Reading Expenses (page 322, line 160)		$ 5,576,254	$ 11,835,960	$ 933,492	$ 1,073,679	$ 4,292,201	$ 1,986,061
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 36,908,553	$ 44,089,296	$ 4,257,103	$ 7,281,927	$ 16,146,857	$ 6,844,160
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	73.2%	78.1%	85.3%	73.4%	71.0%
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,429,385	$ 3,831,664	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 534,319	$ 1,451,975	$ 264,982	$ 111,009	$ 230,888	$ 94,002

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Columbia Gas of Virginia, Inc.
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		West Virginia			North Carolina	
		Appalachian Power	Monongahela Power	Wheeling Power	Duke Energy Carolinas	Prog Energy Carolinas
Customer Account Services Cost Pool						
FERC Account Balances:						
Account 903 - Customer Records & Collection (page 322, line 161)			$ 4,781,391	$ 1,083,477	$ 46,334,799	$ 25,897,315
Account 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 1,480	$ 3,809,061	$ 3,903,789
Subtotal			$ 4,781,391	$ 1,084,957	$ 50,143,860	$ 29,801,104
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**		$ 1,013,833	$ 55,868	$ 4,288,224	$ 4,309,442
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**		$ 298,068	$ 19,665	$ 1,457,948	$ 1,000,266
Total Cost Pool			**$ 6,093,292**	**$ 1,160,489**	**$ 55,890,032**	**$ 35,110,812**
Total Customers (page 304, line 43)			378,558	41,332	2,330,251	1,423,759
Customer Account Services Expense per Customer		(see Virginia)	**$ 16.10**	**$ 28.08**	**$ 23.98**	**$ 24.66**
Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)			$ 18,666,160	$ 369,460	$ 159,264,565	$ 126,417,315
Total O&M Payroll (page 355, line 65)			$ 71,736,947	$ 1,699,949	$ 707,819,291	$ 383,565,368
Benefits as Percent of Payroll			26.0%	21.7%	22.5%	33.0%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)			$ 5,853,820	$ 357,852	$ 21,482,901	$ 15,853,937
Gas (page 354, line 37)						
Total Payroll Charged to Customer Accounts			$ 5,853,820	$ 357,852	$ 21,482,901	$ 15,853,937
Percent Applicable to Customer Accounts Services (903 and 905):						
Account 903 - Customer Records & Collection (page 322, line 161)			$ 4,781,391	$ 1,083,477	$ 46,334,799	$ 25,897,315
Account 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 1,480	$ 3,809,061	$ 3,903,789
Subtotal - Total Charges Applicable to Customer Accounts Services			$ 4,781,391	$ 1,084,957	$ 50,143,860	$ 29,801,104
Account 902 - Meter Reading Expenses (page 322, line 160)			$ 2,402,163	$ 425,426	$ 6,379,768	$ 6,332,860
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading			$ 7,183,554	$ 1,510,383	$ 56,523,628	$ 36,133,964
Percent Applicable to Customer Accounts Services (903 and 905)			66.6%	71.8%	88.7%	82.5%
Customer Account Services Portion of Total Payroll			$ 3,896,317	$ 257,057	$ 19,058,146	$ 13,075,367
Pension & Benefits Pertaining to Customer Accounts Services			$ 1,013,833	$ 55,868	$ 4,288,224	$ 4,309,442
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll			$ 3,896,317	$ 257,057	$ 19,058,146	$ 13,075,367
Employer's Portion of FICA (6.20%) and Medicare (1.45%)			7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA			$ 298,068	$ 19,665	$ 1,457,948	$ 1,000,266

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Columbia Gas of Virginia, Inc.
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Maryland			Tennessee
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Kingsport Power
Customer Account Services Cost Pool					
FERC Account Balances:					
Account 903 - Customer Records & Collection (page 322, line 161)		$ 26,325,591	$ 30,683,864	$ 46,795,233	$ 1,473,454
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 2,886,642	$ 6,566	$ -	$ 401
Subtotal		$ 29,212,233	$ 30,690,430	$ 46,795,233	$ 1,473,855
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,173,002	$ 675,718	$ 5,348,590	$ 44,764
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,300,977	$ 561,925	$ 1,108,174	$ 20,029
Total Cost Pool		**$ 39,686,212**	**$ 31,928,073**	**$ 53,251,997**	**$ 1,538,648**
Total Customers (page 304, line 43)		1,221,284	516,058	756,711	47,624
Customer Account Services Expense per Customer		**$ 32.50**	**$ 61.87**	**$ 70.37**	**$ 32.31**

Group Average
$ 326,085,718
11,273,376
$ 28.93

Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 44,787,999	$ 3,579,071	$ 21,362,833	$ 234,574
Total O&M Payroll (page 355, line 65)		$ 164,827,958	$ 38,906,442	$ 57,858,348	$ 1,371,988
Benefits as Percent of Payroll		27.2%	9.2%	36.9%	17.1%
Payroll Applicable to Customer Account Services					
Total Payroll Charged to Customer Accounts Function					
Electric (page 354, line 7)		$ 23,435,975	$ 8,109,529	$ 15,271,688	$ 297,440
Gas (page 354, line 37)		$ 12,007,249	$ 1,431,093		
Total Payroll Charged to Customer Accounts		$ 35,443,224	$ 9,540,622	$ 15,271,688	$ 297,440
Percent Applicable to Customer Accounts Services (903 and 905):					
Account 903 - Customer Records & Collection (page 322, line 161)		$ 26,325,591	$ 30,683,864	$ 46,795,233	$ 1,473,454
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 2,886,642	$ 6,566	$ -	$ 401
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,212,233	$ 30,690,430	$ 46,795,233	$ 1,473,855
Account 902 - Meter Reading Expenses (page 322, line 160)		$ 5,210,641	$ 9,171,909	$ 2,538,291	$ 200,527
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 34,422,874	$ 39,862,339	$ 49,333,524	$ 1,674,382
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	77.0%	94.9%	88.0%
Customer Account Services Portion of Total Payroll		$ 30,078,131	$ 7,345,424	$ 14,485,935	$ 261,818
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,173,002	$ 675,718	$ 5,348,590	$ 44,764
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services					
Customer Account Services Portion of Total Payroll		$ 30,078,131	$ 7,345,424	$ 14,485,935	$ 261,818
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,300,977	$ 561,925	$ 1,108,174	$ 20,029

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Columbia Gas of Virginia, Inc.

2009 Affiliate Company Charges
Market Cost Comparison

April 2010

Baryenbruch & Company, LLC

Columbia Gas of Virginia, Inc.
2009 Affiliate Company Charges Market Cost Comparison

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Purpose of This Study

This study was undertaken to determine the reasonableness of Columbia Gas of Virginia, Inc.'s ("CGV") charges from NiSource Corporate Services Company ("NCSC") and several NiSource operating companies for services provided during 2009. Reasonableness was determined by answering the following three questions:

1. Are 2009 service-related affiliate charges to CGV reasonable compared to other utility service companies?

2. Did NCSC provide services to CGV at the lower of cost or market during 2009?

3. Is the 2009 cost of NCSC's customer accounts services comparable to those of other utilities?

Study Results

Concerning question 1, the following conclusions were reached:

- The cost per CGV customer for services from NCSC and other affiliates is reasonable and favorable as compared to the cost per customer for similar utility service companies. CGV was charged an average of $90 per customer by NCSC and other affiliates, approximately 24% lower than the average of $112 per customer for comparison group service companies. This determination was based on service company information included in Form 60, which must be annually filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies. The comparison is based on data from 2008, the latest year for which Form 60 information is currently available.

Concerning question 2, the following conclusions were reached:

- NCSC's services were provided to CGV during 2009 at the lower of cost or market.

- On average, the hourly rates for outside service providers are 82% higher than comparable hourly rates charged by NCSC.

- If all of the managerial and professional services now provided by its affiliates had been outsourced in 2009, CGV and its customers would have incurred $16.5 million in additional expenses.

- Affiliates' charges do not include any profit markup. Only the actual cost of the service provided is being charged CGV and its customers.

Concerning question 3, the cost of NCSC and other affiliate's customer accounts services is well below the average of the neighboring electric utility comparison group. During 2009, CGV's customer accounts cost per customers was $17.01 compared to the utility comparison group's 2008 average of $29.13.

Based on this study's results, it can be concluded that CGV's 2009 service-related charges from NCSC and other affiliates are reasonable.

CGV's service-related charges to affiliates are not significant (approximately $205,000 in labor-related expenses). Affiliates are charged at CGV's fully loaded cost. The majority of these services are construction-related and not easily benchmarked to publicly available outside provider hourly rate information. For these reasons, no market testing was performed on these transactions.

Overview of CGV Affiliate Company Services

NCSC provides the following types of services to NiSource operating companies, including CGV:

- Accounting
- Payroll
- Auditing
- Employee benefits
- Planning
- Risk management
- Tax
- Legal
- Environmental
- Financial
- Information technology
- Telecommunications.

NCSC Billing of Affiliate Companies

NiSource Corporate Services ("NCSC") was regulated by the Securities and Exchange Commission ("SEC") under the Public Utility Holding Company Act of 1935 ("PUHCA") until February 8, 2006, when the Public Utility Holding Company Act ("PUHCA 2005") was enacted. PUHCA 2005 transferred regulatory jurisdiction over public utility holding companies from the SEC to the Federal Energy Regulatory Commission ("FERC"). NCSC continued to follow the SEC Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies until January 1, 2008. Effective January 1, 2008, the FERC requires service companies to move to its Uniform System of Accounts.

Pursuant to FERC Order No. 684 issued October 19, 2006, Centralized Service Companies must use a cost accumulation system, provided such system supports the allocation of expenses to the services performed and readily identifies the source of the expense and the basis for the allocation. NCSC has long used a job order system to collect costs that are applicable and billable to all affiliates including Columbia Gas of Virginia. Each job order details the affiliate(s) to be charged for the specified services and the basis for allocating charges when more than one affiliate receives the same service.

The service agreement between CGV and NCSC stipulates that all services will be provided at cost. Allocations among affiliates are only made when it is impractical to charge an affiliate directly.

The Bases of Allocation, shown in Schedule 1, are used by the Corporate Services Accounting Department for apportioning Job Order charges to affiliates.

Categories of billings assigned by NCSC to affiliates include the following:

- Convenience Billings – Includes charges for expenses paid by NCSC on behalf of affiliates to third party providers of services. These charges are considered "pass-through" costs, flowing through NCSC for the convenience and benefit of all affiliates. Typical charges include external audit fees, employee benefits, vehicle leasing, corporate insurance and wire transfers for hedging margin accounts.

- Payroll Funding – Includes CGV payroll costs that are disbursed by NCSC. NCSC makes these payments on behalf of all subsidiaries and CGV wires the requisite cash to NCSC on a monthly basis.

- Contract billings - Includes charges for the costs incurred by NCSC to render the services that are agreed to be provided according to the Service Agreement. The charges may be direct or allocated, depending upon the nature of the expense.

The relationship between NCSC and CGV is set forth in a Service Agreement dated September 21, 2005, as amended by an Amendment to the Service Agreement dated November 1, 2007, which was approved by the Virginia State Corporation Commission (VSCC) by Order dated September 25, 2009 in case No. PUE-2009-00063.

Affiliate Operating Company Billing of Other Affiliates

Besides NCSC, other affiliate entities charge CGV for various goods and services. These items are charged to CGV at fully loaded cost.

Schedule 1

Columbia Gas of Virginia, Inc.
Bases for Allocating Service Company Charges to Affiliates

Basis 1 - Gross Fixed Assets and Total Operating Expenses Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates.
Basis 2 - Gross Fixed Assets Job order charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates.
Basis 7 - Gross Depreciable Property and Total Operating Expenses Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates.
Basis 8 - Gross Depreciable Property Job order charges will be allocated to each benefited affiliate on the basis of the relationship of its total depreciable property to the sum of the total depreciable property of all benefited affiliates.
Basis 9 - Automobile Units Job order charges will be allocated to each benefited affiliate on the basis of its number of automobile units to the total number of all automobile units of the benefited affiliates.
Basis 10 - Number of Retail Customers Job order charges will be allocated to each benefited affiliate on the basis of its number of retail customers to the total number of all retail customers of the benefited affiliates.
Basis 11 - Number of Regular Employees Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates.
Basis 13 - Fixed Allocation Job order charges will be allocated to each benefited affiliate on the basis of fixed percentages on an individual project basis.
Basis 14 - Number of Transportation Customers Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates.
Basis 15 - Total Employees and Customers Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of employees and customers to the total of all employees and customers of the benefited affiliates.
Basis 16 - Total Plant, State Employees and Customers Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Plant, State Employees and Customers to the total of all Plant, State Employees and Customers of the benefited affiliates.
Basis 17 - Total Tariff and Transportation Throughput Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Tariff and Transportation Throughput to the total of all Tariff and Transportation Throughput of the benefited affiliates.
Basis 20 - Direct Costs Job order charges will be allocated to each benefited affiliate on the basis of the relation of its direct costs billed by Service Corporation to the total of all direct costs billed by Service Corporation.

Analysis of CGV Charges from Affiliates

During 2009, the following affiliate entities charged CGV approximately $211 million.

Affiliate Entity		Total
NiSource Corporate Services	$	172,588,469
Columbia Gulf Transmission	$	1,779,733
Columbia Network Services	$	8,208
Columbia Gas of Kentucky	$	7,108
Columbia Gas of Ohio	$	2,900,952
Columbia Gas of Maryland	$	8,848
Columbia Gas of Pennsylvania	$	619,759
Columbia Gas Transmission	$	23,233,767
NiSource, Inc.	$	355,575
NiSource Finance	$	9,376,440
Bay State Gas	$	-
NiSource Money Pool	$	281,424
Total	$	211,160,283

These charges were analyzed to determine which were service-related and could be subjected to a cost comparison. The table below shows the amounts charged CGV during 2009 by type of transaction. The first three items—Interest on Debt and Taxes, Gas Purchase and Transportation Expense, and Convenience Billings and Payroll—do not involve the provision of services.

			Cost Comparison Testing Disposition		
Type of Transaction		2009 Affiliate Charges To CGV	Involves A Service?	Comparative Data Available?	Evaluated In This Study?
Interest on Debt and Taxes	$	9,657,864	No	na	No
Gas Purchase and Transportation Expenses	$	24,785,322	No	na	No
Convenience Billings and Payroll	$	152,508,902	No	na	No
Contract Services	$	20,079,567	Yes	Yes	Yes
Billings From Other Affiliates - Balance Sheet Accts	$	1,692,170	Limited	No	No
Billings From Other Affiliates - Income Statement Accts	$	2,436,458	Limited	Yes	Yes
Total 2009 Affiliate Company Billings	**$**	**211,160,283**			

Contract Services charges are for management, professional and technical services. Comparative information is available for these charges, thus they were included in the scope of this study.

NiSource regulated operating companies will sometimes support one another in times of emergency or when one's backlog of work exceeds its available resources. This sharing arrangement is meant to reduce the cost of service for all ratepayers. The Billings From Other Affiliates line items in the table above relate to this shared support arrangement.

Much of the total $1.7 million in Billings From Other Affiliates – Balance Sheet was for construction costs charged by Columbia Gas of Ohio. Only $168,000 of these charges was labor-related. No publicly available market information was found for outside provider of construction services. Thus, this study did not subject these 2009 charges to a cost comparison.

Most From Other Affiliates - Income Statement-related transactions are for various operations services and customer account services. Of the $2.4 million in these charges, approximately $557,000 was for labor-related services. Some comparison data was found for these services so, to the extent possible, they were included in the scope of this study.

Comparison Methodology for Charges from Affiliates

2009 affiliate charges that are included in the scope of this study are evaluated in connection with three questions, as shown in the table below.

Type of Transaction	2009 Affiliate Charges To CGV	Study Question: 1 - Reasonableness	2 - LCM Pricing	3 - Cust Acct Services
Contract Services	$ 20,079,567	X	X	X
Billings From Other Affiliates - Income Stmt. Accts	$ 2,436,458	X		X

The first question—are affiliate charges for services reasonable—was answered by comparing CGV's affiliate charges per customer to those of utility service companies that file a FERC Form 60 – Annual Report of Service Companies. This comparison was made with 2008 Form 60 data, the latest year Form 60 data is available (the filing deadline for the Form 60 is May 1st).

This study's second question—whether NCSC's services were provided to CGV during 2009 at the lower of cost or market—was determined by comparing the cost per hour for managerial and professional services provided by NCSC personnel, to hourly billing rates that would be charged by outside providers of equivalent services. NCSC's costs per hour were based on actual charges to CGV during the 12 months ended December 31, 2009. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by NCSC.

The third question—whether affiliate customer account services charges were comparable to other utilities—was addressed by comparing CGV's total customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center

services are not publicly available. However, electric utility customer account services expenses can be readily obtained from FERC Form 1 data. The availability and transparency of FERC data adds to the validity of its use in this comparison. The comparison was made using 2008 data, the latest year for which FERC Form 1 data is available (the filing deadline for FERC Form 1 is April 18th).

Analysis of CGV Charges to Affiliates

CGV charged affiliates approximately $1.5 million during 2009, as shown below.

	2009 Charges From CGV
Billings to Other Affiliates - Balance Sheet Accounts	$ 1,251,972
Billings to Other Affiliates - Income Statement Accounts	$ 213,217
Total Charges To Affiliates	**$ 1,465,189**

Most Balance Sheet-related billings consist of construction work CGV performed for affiliate operating companies. Only $166,000 of these charges was labor-related.

Income Statement-related billings consists of rent charged to NCSC for its employees located in CGV's Chester, Virginia offices and charges for a variety of services CGV provided to affiliate operating companies. This cost sharing arrangement ultimately provides system ratepayers with lower costs of service. Here too, a relatively small portion of these charges were labor related ($38,000).

CGV charges affiliates its fully loaded cost for these items. No market testing was performed on 2009 charges to affiliates because the costs that are service-related are not material.

CGV's Cost per Customer

During 2009, CGV was charged $90 per customer in service-related charges from NCSC and other affiliates.

2009 NCSC Contract Charges		$ 20,079,567
Non-A&G Functions Excluded from Comparison Group Cost Pool:		
0025200 - Distribution Operations - East	$ 108,666	
0053200 - Engineering Services	$ 266,732	
0019300 - Customer Engagement	$ 53,295	
0019400 - Columbus Gas Procurement	$ 240,678	
0019500 - Columbus Gas Operations	$ 266,455	
0019600 - Columbus Planning	$ 125,219	
0019700 - Gas Supply - BSG/NU	$ 619	
0019800 - Gas Transportion Operations	$ 337,420	
0019900 - Commodity & Performance	$ 142,131	
0021100 - Ludlow Gas Control	$ 1,240	
0053700 - Gas Systems Planning and Modeling	$ 237,906	
0052900 - Operations	$ 127,035	
0052800 - Operations Planning	$ 146,720	
Total Excluded Non-A&G Functions	$ 1,384,746	$ (1,384,746)
Cost Items Excluded From Comparison Group Cost Pool:		
Capital Costs		
3034 - Capitalized Portion - Inflights	$ (19,930)	
3054 - Capitalized Portn-PCs & Laptops	$ (122,301)	
3064 - Capitalized Portion - WMS	$ (9,483)	
3074 - Capitalized Portion - RFS	$ (45,937)	
3065 - Cap Portion - WMS Conv. Billed	$ (41,498)	
Income Taxes		
9604 - Income Taxes Federal	$ 198,785	
9605 - Income Taxes State	$ 68,183	
9606 - Deferred Income Taxes Federal	$ 63,688	
9607 - Deferred Income Taxes State	$ (20,040)	
Net Excluded Cost Items	$ 71,467	$ (71,467)
Net NCSC Service-Related Charges		$ 18,623,355
Other Affiliate 2009 Billings (O&M)		
Columbia Network Services	$ 8,208	
Columbia Gas of Kentucky	$ 3,951	
Columbia Gas of Ohio	$ 1,286,939	
Columbia Gas of Maryland	$ 2,976	
Columbia Gas of Pennsylvania	$ 562,609	
Columbia Gas Transmission	$ 228,178	
NiSource, Inc.	$ 343,597	
Total Other Affiliates	$ 2,436,458	$ 2,436,458
Total 2009 NCSC and Other Affiliate Service-Related Charges		$ 21,059,813
Total CGV Customers at 12/31/09		235,077
2009 CGV Cost Per Customer		**$ 90**

Comparison Group Cost per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

NCSC files a Form 60. For 2008, 23 other utility service companies that serve utilities that provide regulated electric and, in some cases, gas service to retail customers. In order to make a valid comparison of this group's costs to NCSC's charges to CGV, it was necessary to isolate expenses that that they have in common. These include A&G/O&M-related charges associated with the following FERC accounts:

901 – Supervision	921 – Office supplies and expenses
903 – Customer records and collection expenses	923 – Outside services employed
905 – Miscellaneous customer accounts expenses	926 – Employee pensions and benefits
907 – Supervision	928 – Regulatory commission expenses
910 – Misc customer service and info expenses	930.2 – Miscellaneous general expenses
911 – Supervision	931 – Rents
920 - Administrative and general salaries	935 – Maintenance of structures and equipment

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVI – Analysis of Charges for Service Associate and Non-Associate Companies (p. 303 to 306) of each entity's FERC Form 60. This schedule shows charges by FERC Account.

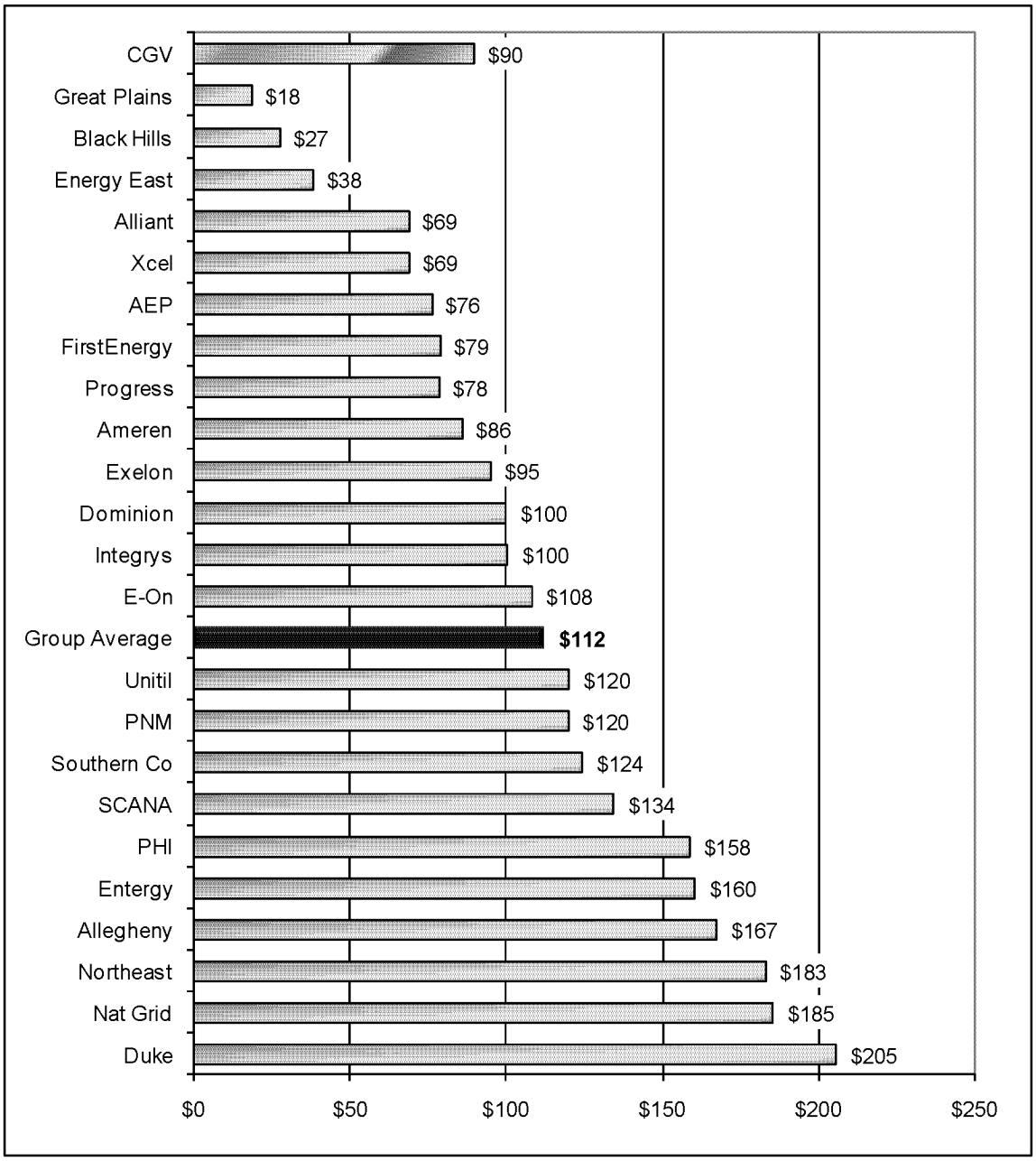
Comparison group service company 2008 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

A&G expenses per regulated utility customer for the 23 utility companies other than NCSC that file Form 60 for 2008 are calculated below.

Utility Company	2008 Regulated Retail Service Company A&G Expenses	Regulated Retail Customers	Cost per Customer
AEP	$396,340,118	5,213,000	$ 76
Allegheny	$263,588,707	1,577,873	$ 167
Alliant	$205,754,832	3,000,000	$ 69
Ameren	$291,684,710	3,400,000	$ 86
Black Hills	$20,763,828	759,400	$ 27
Dominion	$357,718,046	3,588,500	$ 100
Duke	$923,936,645	4,500,000	$ 205
Energy East	$113,714,789	2,989,800	$ 38
Entergy	$432,575,683	2,700,000	$ 160
E-On	$136,276,177	1,263,000	$ 108
Exelon	$558,687,014	5,885,000	$ 95
FirstEnergy	$354,028,109	4,499,000	$ 79
Great Plains	$15,000,708	820,000	$ 18
Integrys	$216,364,166	2,157,000	$ 100
Nat Grid	$1,240,706,398	6,700,000	$ 185
Northeast	$302,138,730	1,654,000	$ 183
PHI	$302,463,412	1,910,000	$ 158
Progress	$242,677,256	3,100,000	$ 78
PNM	$102,688,385	859,000	$ 120
SCANA	$191,207,825	1,424,300	$ 134
Southern Co	$546,498,605	4,402,000	$ 124
Unitil	$20,341,422	169,600	$ 120
Xcel	$367,626,617	5,345,000	$ 69
Group Total	**$7,602,782,182**	**67,916,473**	**$ 112**

Exhibit 2 shows CGV's 2009 NCSC cost per customer of $90 to be lower than the average of $112 per customer for the comparison group service companies. Based on this result, it is possible to conclude that 2009 affiliate charges to CGV were reasonable.

Comparison of Service Company Annual Costs Per Customer



Methodology

NCSC's 2009 corporate services-related billings to CGV are market tested by comparing the cost per hour for NCSC services to those of outside service providers to whom these duties could be assigned.

The first step was to determine which types of outside providers could assume Service Company services. Based on the nature of these services it was determined that the following outside service providers could perform the categories of services indicated.

- Attorneys - corporate secretarial and legal services
- Certified Public Accountants - accounting, finance, information systems and rates and regulatory
- Professional Engineers – engineering and operations services
- Management Consultants - executive and administrative management, risk management services, human resources and communications services

The next step was to calculate NCSC's hourly rate for each of the four outside service provider categories, based on the dollars and hours charged to CGV during the 12-months ended December 31, 2009.

Hourly billing rates for outside service providers were next determined using information from pertinent surveys.

Finally, the NCSC's average cost per hour was compared to the average cost per hour for outside providers.

NCSC Hourly Rates

The first step in determining NCSC's hourly rates is to determine the appropriate expenses to be included in the calculation. As shown below, certain NCSC charges were excluded from the hourly rate calculations. Excluded cost elements are charges that are, in effect, already outsourced (e.g., IBM outsourcing, outside services expenses) or items that an outside provider would not typically recover in their hourly rates (e.g., travel expenses). The net result of these adjustments is the total applicable cost pool that is subjected to the lower-of-cost-or-market testing.

V – Question 2 – Provision of Services at the Lower of Cost or Market

2009 Total Contract Billings from NCSC		$ 20,079,567
Less: Excludable Cost Elements:		
2504 - Expert Witness Fees	$	774
3000 - Consulting Services	$	485,847
3001 - Advertising Services	$	61,194
3002 - Legal Services	$	408,998
3003 - Auditing Services	$	(1,524)
3005 - Contract Retainages	$	11,626
3006 - Engineering Services	$	109
3007 - Laboratory Services	$	2,425
3009 - Operations Services	$	129,321
3011 - Temporary Personnel Services	$	75,221
3012 - Security Services	$	10,678
3015 - Other Outside Services	$	408,505
3016 - Other Maintenance Services	$	181
3019 - Tool & Equipment Repair	$	37
3021 - Env Health & Safety Services	$	5,347
3030 - Outsourcing - Est. Fixed Costs	$	(66,715)
3031 - Outsourcing - Variable Costs	$	476,849
3032 - Transition Costs	$	26,388
3033 - Sales Tax	$	94,187
3034 - Capitalized Portion - Inflights	$	(19,930)
3035 - Supplemental Contract Costs	$	42,916
3036 - Service Level Agreements	$	(164,972)
3037 - Miscellaneous Reimbursements	$	10,738
3038 - Request for Service (RFS)	$	74,670
3040 - Outsourcing - Act. Fixed Costs	$	5,957,717
3041 - Outsourcing-Variable Csts-RRCs	$	(121,782)
3048 - RFS - Variable Costs - ARCs	$	24,188
3054 - Capitalized Portn-PCs & Laptops	$	(122,301)
3064 - Capitalized Portion - WMS	$	(9,483)
3074 - Capitalized Portion - RFS	$	(45,937)
3100 - Business Expenses	$	238,698
3101 - Meals Special Cases Only	$	1,472
3102 - Meals and Entertainment	$	97,601
3357 - Vehicle Maint/Other Costs Clrd	$	1,652
3634 - Purchase of Property	$	184
3645 - Sale of Property	$	10,699
3065 - Cap Portion - WMS Conv. Billed	$	(41,498)
9604 - Income Taxes Federal	$	198,785
9605 - Income Taxes State	$	68,183
9606 - Deferred Income Taxes Federal	$	63,688
9607 - Deferred Income Taxes State	$	(20,040)
2009 Testable Contract Billings from NCSC (Note A)		$ 11,704,872

Note A: This total breaks down as following for later analysis:

Service-Related Charges	$ 10,610,139
Overhead-Related Charges	$ 1,094,733
2009 Testable Contract Billings from NCSC	$ 11,704,872

V – Question 2 – Provision of Services at the Lower of Cost or Market

The next step was to assign NCSC's service-related charges to the four outside service provider cost pools—attorney, certified public accountant, engineer and management consultant. Among other things, NCSC assigns a "department" to all affiliate charges. Based on the nature of services performed by these departments, NCSC's charges were assigned to the four outside provider cost pools, as shown in Schedule 3.

Schedule 4 shows the assignment of staff hours by department to the four outside service provider cost pools. It should be noted that only exempt personnel hours are included in Schedule 4 because outside providers sometimes do not charge clients for administrative/secretarial support (i.e., non-exempt staff). Instead, they recover the cost of non-exempt staff through the hourly rates of the firm's professionals. Some outside providers bill customers for non-exempt personnel, but this study chose to be conservative in this regard. By excluding non-exempt hours from the hourly rate denominator, there are fewer hours to divide into the cost pool. Consequently, NCSC's hourly rates are somewhat higher using this approach.

Within the total 2009 NCSC charges are overhead-related items associated with sustaining NCSC personnel. Most of these expenses are depreciation expense and rent on various NCSC facilities and equipment. The 2009 amounts by department are shown below. Since these expenses would also be incurred by outside service providers, it is necessary to add them into the NCSC cost pools.

Department	2009
0005000 - Aviation Services	138,877
0007100 - Insurance - Premiums	67,053
0042000 - General	533,005
0047000 - Facilities Management	306,464
0049000 - Real Estate Management	5,922
0087000 - Materials and Supplies	11,611
0088000 - Fleet Management	31,801
Total	1,094,733

Based on the assignment of expenses and hours to outside provider categories, NCSC's 2009 equivalent cost per hour is calculated below.

V – Question 2 – Provision of Services at the Lower of Cost or Market

	NCSC Hourly Rates				
	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 835,240	$ 3,656,659	$ 2,843,390	$ 3,274,849	$ 10,610,139
Overhead Expenses (Note A)	$ 86,177	$ 377,289	$ 293,377	$ 337,889	$ 1,094,733
Cost Pool Total	$ 921,417	$ 4,033,948	$ 3,136,768	$ 3,612,739	$ 11,704,872
Hours	11,634	63,688	53,567	56,676	185,565
Average Hourly Rate	**$ 79**	**$ 63**	**$ 59**	**$ 64**	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses, as calculated below.

	Attorney	Certified Public Accnt	Professional Engineer	Mgmt Consultant	Total
Service-Related Charges	$ 835,240	$ 3,656,659	$ 2,843,390	$ 3,274,849	$ 10,610,139
Percent of Cost Pool Total	7.9%	34.5%	26.8%	30.9%	100.0%
Allocation Of Overhead Expenses	$ 86,177	$ 377,289	$ 293,377	$ 337,889	$ 1,094,733

Schedule 3

Columbia Gas of Virginia, Inc.
Outside Provider Cost Pools For 2009 NCSC Contract Billings Charges

Department	Outside Provider				
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	Total
Accounts Payable		$ 67,023			$ 67,023
Administrative Services				$ 32,599	$ 32,599
Audit		$ 196,475			$ 196,475
Business Continuity				$ 14,282	$ 14,282
Capital Management and Analysis		$ 308,863			$ 308,863
Consolidated Financial Reporting		$ 194,993			$ 194,993
Consolidated Taxes		$ 231,529			$ 231,529
Corporate Affairs				$ 42,949	$ 42,949
Corporate Communications				$ 94,965	$ 94,965
Corporate Development				$ 28,187	$ 28,187
Corporate Human Resources				$ 171,500	$ 171,500
Corporate Secretary	$ 25,538				$ 25,538
Corporate Security				$ 52,469	$ 52,469
Credit Risk Management				$ 54,660	$ 54,660
Customer Services		$ 307,926			$ 307,926
Distribution Operations			$ 108,666		$ 108,666
Distribution Operations Management				$ 153,359	$ 153,359
Engineering Services			$ 266,732		$ 266,732
Enterprise Transformation				$ 219,559	$ 219,559
Environmental, Health & Safety			$ 282,800		$ 282,800
ESS Administration			$ 62,050		$ 62,050
Executive				$ 290,811	$ 290,811
Finance & Strategies		$ 336,244			$ 336,244
Financial Planning		$ 95,436			$ 95,436
Gas Supply			$ 1,167,058		$ 1,167,058
Gas Systems Planning and Modeling			$ 237,906		$ 237,906
Governmental Affairs				$ 33,826	$ 33,826
HR Support				$ 216,837	$ 216,837
Information Technology		$ 164,653			$ 164,653
Insurance				$ 47,981	$ 47,981
Investor Relations				$ 14,592	$ 14,592
IT Security & Compliance		$ 379,724			$ 379,724
Legal	$ 809,701				$ 809,701
Logistics			$ 131,184		$ 131,184
New Business Processes				$ 1,146,839	$ 1,146,839
NiSource Training				$ 1,285	$ 1,285
OD/HRIS Exec / Organizational Devel				$ 24,259	$ 24,259
Operations			$ 127,035		$ 127,035
Operations Planning			$ 146,720		$ 146,720
Payroll Services		$ 25,153			$ 25,153
Performance Management		$ 83,635			$ 83,635
Regulated Revenue Management				$ 52,329	$ 52,329
Regulatory		$ 242,693			$ 242,693
Retail Services				$ 12,309	$ 12,309
Revenue Transactions		$ 350,051			$ 350,051
Risk Management				$ 11,242	$ 11,242
Segment Accounting		$ 525,397			$ 525,397
Standards and Compliance				$ 558,015	$ 558,015
Supply Chain Administration			$ 283,951		$ 283,951
Technical Operations			$ 29,287		$ 29,287
Treasury		$ 125,502			$ 125,502
Work Management - GIS			$ 1		$ 1
Work Management System		$ 21,363			$ 21,363
Total	$ 835,240	$ 3,656,659	$ 2,843,390	$ 3,274,849	$ 10,610,139

Schedule 4

Columbia Gas of Virginia, Inc.
Outside Provider Hour Pools For 2009 NCSC Contract Billings Charges

Department	Outside Provider				
	Attorney	Certified Public Accountant	Professional Engineer	Mgmt Consultant	Total
Accounts Payable		1,572			1,572
Administrative Services				345	345
Audit		3,141			3,141
Business Continuity				249	249
Capital Management and Analysis		6,620			6,620
Consolidated Financial Reporting		3,355			3,355
Consolidated Taxes		4,146			4,146
Corporate Affairs				479	479
Corporate Communications				1,289	1,289
Corporate Development				406	406
Corporate Human Resources				3,173	3,173
Corporate Secretary	489				489
Corporate Security				797	797
Credit Risk Management				750	750
Customer Services		3,397			3,397
Distribution Operations			913		913
Distribution Operations Management				1,017	1,017
Engineering Services			5,280		5,280
Enterprise Transformation				3,520	3,520
Environmental, Health & Safety			5,054		5,054
ESS Administration			488		488
Executive				1,635	1,635
Finance & Strategies		6,846			6,846
Financial Planning		1,289			1,289
Gas Supply			23,449		23,449
Gas Systems Planning and Modeling			5,614		5,614
Governmental Affairs				395	395
HR Support				3,918	3,918
Information Technology		-			-
Insurance				903	903
Investor Relations				139	139
IT Security & Compliance		3,258			3,258
Legal	11,145				11,145
Logistics			2,234		2,234
New Business Processes				25,595	25,595
NiSource Training				-	-
OD/HRIS Exec / Organizational Devel				461	461
Operations			1,686		1,686
Operations Planning			2,361		2,361
Payroll Services		494			494
Performance Management		1,708			1,708
Regulated Revenue Management				717	717
Regulatory		5,243			5,243
Retail Services				221	221
Revenue Transactions		8,272			8,272
Risk Management				151	151
Segment Accounting		12,844			12,844
Standards and Compliance				10,518	10,518
Supply Chain Administration			6,053		6,053
Technical Operations			435		435
Treasury		1,504			1,504
Work Management - GIS			-		-
Work Management System		-			-
Total	**11,634**	**63,688**	**53,567**	**56,676**	**185,565**

Outside Service Provider Hourly Rates

The next step in the lower of cost or market comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Attorneys

The Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys (Virginia Lawyers Weekly used to ask for hourly rates in its annual survey but eliminated that question a few years ago). Therefore, an estimate of Virginia attorney rates was developed from surveys of Michigan and Massachusetts lawyers conducted annually by the publications, Michigan Lawyers Weekly and Massachusetts Lawyers Weekly. As presented in Schedule 5, the average rate for each Michigan and Massachusetts firm respondent was adjusted for the cost of living differential between their location and Richmond, Virginia. The survey includes hourly rates that were in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2009—the midpoint of 2009.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2008 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a range of accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2007. Thus, the 2007 average rate was escalated to June 30, 2009—the midpoint of 2009.

Professional Engineers

CGV provided 2009 hourly rate information for three engineering firms that are periodically used by the company when outside engineering services are required. As shown in Schedule 7, an average rate was developed for a range of engineering positions. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Management Consultants

The cost per hour for management consultants was developed from the 2009 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in

Schedule 8, was to determine an average rate by consultant position. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. This survey includes rates that were in effect at December 31, 2008 for firms in the United States. This 2008 average rate was escalated to June 30, 2009—the midpoint of 2009.

Columbia Gas of Virginia, Inc.
Estimated 2009 Billing Rates For Virginia Attorneys Based On Michigan and Massachusetts Attorney Billing Rates

Billing rates as of December 31, 2007 (Note A)								Cost of	
		Number	Billing Rate Range					Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	85%	$ 427
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	147%	$ 241
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	147%	$ 322
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	147%	$ 240
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	115%	$ 277
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	115%	$ 236
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	147%	$ 223
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	147%	$ 203
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	147%	$ 243
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	147%	$ 328
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	147%	$ 166
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	147%	$ 205
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	137%	$ 211
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	147%	$ 196
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	147%	$ 209
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	147%	$ 169
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	116%	$ 171
							Overall Average 2007 Billing Rate		$ 253

Escalation to Test Year Midpoint (June 30, 2009) (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2009	215.7
Inflation/Escalation	2.7%
Average Billing Rate At June 30, 2009	**$ 260**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Richmond, Virginia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Richmond. A number less than 100 % indicates Richmond's cost of living is higher.

Columbia Gas of Virginia, Inc.
2009 Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 80	$ 107	$ 138	$ 165	
Percent of Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 28	$ 33	**$ 117**

Escalation to Test Year Midpoint (June 30, 2008) (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2009	215.7
Inflation/Escalation	2.7%
Average Hourly Billing Rate For CPAs At June 30, 2009	**$ 120**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Columbia Gas of Virginia, Inc.
2009 Billing Rates Of Virginia Engineers

Note: Billing rates were those in effect in 2009

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates		
Name of Firm	Engineer Tech Land Agent CAD Technician	Engineer Land Surveyor Envir. Scientist	Licensed Professional Engineer
Firm #1	$75	$90	$125
Firm #2	$63	$74	$82
Firm #3	$65	$88	$98

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Engineer Tech Land Agent CAD Technician	Engineer Land Surveyor Envir. Scientist	Licensed Professional Engineer	
Average Hourly Billing Rate (From Above)	$68	$84	$102	
Typical Percent of Time on an Engineering Assignment	33%	33%	34%	Weighted Average
	$22	$28	$35	**$84**

Source: Information provided by Columbia Gas of Virginia. Firm names are confidential.

Columbia Gas of Virginia, Inc.
2009 Billing Rates Of U.S. Management Consultants

Survey billing rates in effect in 2008 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 147	$ 196	$ 268	$ 295	$ 384

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 147	$196	$268	$295	$384	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 44	$ 59	$ 54	$ 29	$ 38	**$ 224**

Escalation to the Test Year's Mid-Point (March 31, 2009) (Note B)

CPI at December 31, 2008	210.2
CPI at June 30, 2009	215.7
Inflation/Escalation	2.6%
Average Hourly Billing Rate For Management Consultants At June 30, 2009	**$ 230**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2009 Edition," Association of Management Consulting Firms

NCSC Versus Outside Provider Cost Comparison

As shown in the table below, NCSC's costs per hour are considerably lower than those of outside providers.

	2009 Cost/Hour Difference		
Service Provider	NCSC	Outside Providers	Difference-- NCSC Greater(Less) Than Outside
Attorney	$ 79	$ 260	$ (181)
Certified Public Accountant	$ 63	$ 120	$ (57)
Professional Engineer	$ 59	$ 84	$ (26)
Management Consultant	$ 64	$ 230	$ (167)

As calculated below, based on these cost per hour differentials and the number of hours that NCSC billed CGV during 2009, the services would cost $16.5 million more from outside providers. This is 82% more ($16,534,801 / $ 20,079,567 = 82%) than NCSC's total 2009 contract billings to CGV.

	2009 Total Cost Difference		
Service Provider	Hourly Rate Difference-- NCSC Greater(Less) Than Outside	NCSC Hours Charged	Dollar Difference
Attorney	$ (181)	11,634	$ (2,103,955)
Certified Public Accountant	$ (57)	63,688	$ (3,600,141)
Professional Engineer	$ (26)	53,567	$ (1,388,540)
Management Consultant	$ (167)	56,676	$ (9,442,166)
			$(16,534,801)

Comparison Methodology

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of NCSC and other affiliate's customer accounts services-related charges to CGV with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, CGV's charges from affiliates for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Schedule 9 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

905 – Miscellaneous Customer Accounts Expenses

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

Comparison Group

Neighboring electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1s show amounts for Accounts 903 and 905.

Virginia	• Appalachian Power	• Virginia Electric & Power
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Appalachian Power • Monongahela Power	• Wheeling Power
North Carolina	• Duke Energy Carolinas	• Progress Energy Carolinas
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
Tennessee	• Kingsport Power	

CGV Cost per Customer

As calculated in Schedule 10, CGV's annual customer accounts expense per customer is $17.01. CGV's cost pool includes the same expense items that are included in the neighboring electric utilities' customer accounts expenses.

Comparison Group Cost per Customer

Schedule 11 shows the actual 2009 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary of Results

As shown in the table below, CGV's cost per customer is below the electric utility comparison group average. Based upon this data, 2009 charges from NCSC and other affiliates for customer account services are reasonable.

Customer Account Services Expenses/Customer	
Louisville Gas & Electric	$ 15.67
Virginia Electric & Power	$ 16.15
Monongahela Power	$ 16.17
Columbia Gas of Virginia	**$ 17.01**
Duke Energy Carolinas	$ 21.65
Progress Energy Carolinas	$ 22.99
Wheeling Power	$ 26.12
Kentucky Utilities	$ 28.42
Comparison Group Average	**$ 29.13**
Duke Energy Kentucky	$ 29.65
Appalachian Power	$ 32.57
Kingsport Power	$ 32.60
Baltimore Gas & Electric	$ 35.46
Kentucky Power	$ 36.02
Delmarva Power & Light	$ 69.08
Potomac Electric	$ 76.47

Columbia Gas of Virginia, Inc.
CGV 2009 Customer Accounts Expense Per Customer

NiSource Company	Source of Charges		Amount
Service Company (12)	0019300 - Customer Engagement	$	1
	0021200 - Customer Programs	$	47,268
	0030300 - Performance Management	$	86,833
	0052900 - Operations	$	838
	0053000 - Revenue Transactions	$	215,306
	0053600 - Bill Printing & Inserting	$	305,106
	0054500 - CISC Electronic Access	$	1,957
	0056100 - Paymnet Exception Proces	$	129,355
	0056200 - DIS Billing - CDC	$	62,655
	0056300 - CDC Sales	$	150,133
	0099100 - IBM Billing - Call Center	$	1,323,170
	0099500 - IBM Billing - Meter to Cash	$	151,503
CG-Ohio (34)	1827 - Damage Prevention	$	8,180
	1837 - Cash Processing	$	46,167
	1838 - Bill Exception Processing	$	7,507
	1839 - Revenue Recovery	$	76,056
CG-Pennsylvania (37)	1826 - Meter Reading & Collections	$	8,329
	1838 - Bill Exception Processing	$	28
	1839 - Revenue Recovery	$	67,254
CG-Virginia	1817 - Technical Operations	$	(21)
	1826 - Meter Reading & Collections	$	44
	1827 - Damage Prevention	$	6,367
	1837 - Cash Processing	$	194,067
	1839 - Revenue Recovery	$	5,112
	2518 - Operations Support	$	(7)
	Distribution Operations (A)	$	903,043
	Customer Payment Processing (B)	$	201,696
	Customer Accounts Cost Pool Total	$	3,997,946
	CGV customers at 12/31/08		235,077
	2009 Cost Per Customer	**$**	**17.01**

Note A: Also includes charges for billing-related postage

Note B: Payment Processing Expenses

CGV customers at 12/31/09		235,077
Number of customer payments/year		12
Total payments		2,820,924
Bank processing cost/payment	$	0.0715
Total Payment Processing Expense	$	201,696

Columbia Gas of Virginia, Inc.
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Virginia		West Virginia		
		Appalachian Power	Virginia Electric Power	Appalachian Power	Monongahela Power	Wheeling Power
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,231,353	$ 32,985,338		$ 5,020,473	$ 1,013,571
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,894	$ -		$ -	$ 286
Subtotal		$ 29,233,247	$ 32,985,338		$ 5,020,473	$ 1,013,857
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,415,185	$ 3,978,170		$ 849,338	$ 46,865
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 548,440	$ 1,573,799		$ 294,683	$ 18,802
Total Cost Pool		**$ 31,196,872**	**$ 38,537,306**		**$ 6,164,494**	**$ 1,079,524**
Total Customers (page 304, line 43)		957,875	2,386,208		381,193	41,334
Customer Account Services Expense per Customer		**$ 32.57**	**$ 16.15**	see Virginia	**$ 16.17**	**$ 26.12**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 23,000,789	$124,252,946		$ 16,659,462	$ 402,736
Total O&M Payroll (page 355, line 65)		$116,519,186	$642,556,137		$ 75,556,781	$ 2,112,138
Benefits as Percent of Payroll		19.7%	19.3%		22.0%	19.1%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)		$ 8,480,076	$ 27,320,711		$ 6,101,855	$ 339,964
Gas (page 354, line 37)		$ -	$ -			
Total Payroll Charged to Customer Accounts		$ 8,480,076	$ 27,320,711		$ 6,101,855	$ 339,964
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 29,231,353	$ 32,985,338		$ 5,020,473	$ 1,013,571
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 1,894	$ -		$ -	$ 286
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,233,247	$ 32,985,338		$ 5,020,473	$ 1,013,857
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,345,473	$ 10,819,819		$ 2,932,203	$ 388,499
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 34,578,720	$ 43,805,157		$ 7,952,676	$ 1,402,356
Percent Applicable to Customer Accounts Services (903 and 905)		84.5%	75.3%		63.1%	72.3%
Customer Account Services Portion of Total Payroll		$ 7,169,154	$ 20,572,530		$ 3,852,062	$ 245,783
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,415,185	$ 3,978,170		$ 849,338	$ 46,865
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll		$ 7,169,154	$ 20,572,530		$ 3,852,062	$ 245,783
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%		7.65%	7.65%
Estimated Employer's Portion of FICA		$ 548,440	$ 1,573,799		$ 294,683	$ 18,802

Columbia Gas of Virginia, Inc.
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Maryland			North Carolina	
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Duke Energy Carolinas	Prog Energy Carolinas
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 28,731,040	$ 32,574,788	$ 51,049,711	$ 44,487,077	$ 25,567,705
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ 4,115,795	$ -	$ -	$ 2,782,661	$ 3,147,580
Subtotal		$ 32,846,835	$ 32,574,788	$ 51,049,711	$ 47,269,738	$ 28,715,285
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,208,844	$ 1,184,741	$ 6,217,334	$ 2,666,465	$ 3,505,221
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,528,394	$ 551,639	$ 1,009,884	$ 1,253,668	$ 1,049,423
Total Cost Pool		**$ 43,584,072**	**$ 34,311,168**	**$ 58,276,929**	**$ 51,189,871**	**$ 33,269,929**
Total Customers (page 304, line 43)		1,229,181	496,682	762,094	2,364,417	1,447,424
Customer Account Services Expense per Customer		**$ 35.46**	**$ 69.08**	**$ 76.47**	**$ 21.65**	**$ 22.99**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 45,202,255	$ 6,458,817	$ 25,000,866	$113,864,381	$104,610,824
Total O&M Payroll (page 355, line 65)		$181,995,810	$ 39,311,821	$ 53,083,661	$699,798,490	$409,402,544
Benefits as Percent of Payroll		24.8%	16.4%	47.1%	16.3%	25.6%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)		$ 25,480,677	$ 7,184,790	$ 13,534,519	$ 18,553,510	$ 16,538,900
Gas (page 354, line 37)		$ 13,071,562	$ 1,796,197	$ -	$ -	$ -
Total Payroll Charged to Customer Accounts		$ 38,552,239	$ 8,980,987	$ 13,534,519	$ 18,553,510	$ 16,538,900
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 28,731,040	$ 32,574,788	$ 51,049,711	$ 44,487,077	$ 25,567,705
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 4,115,795	$ -	$ -	$ 2,782,661	$ 3,147,580
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 32,846,835	$ 32,574,788	$ 51,049,711	$ 47,269,738	$ 28,715,285
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 5,467,374	$ 7,995,878	$ 1,289,369	$ 6,246,835	$ 5,904,985
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 38,314,209	$ 40,570,666	$ 52,339,080	$ 53,516,573	$ 34,620,270
Percent Applicable to Customer Accounts Services (903 and 905)		85.7%	80.3%	97.5%	88.3%	82.9%
Customer Account Services Portion of Total Payroll		$ 33,050,899	$ 7,210,967	$ 13,201,097	$ 16,387,812	$ 13,717,953
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,208,844	$ 1,184,741	$ 6,217,334	$ 2,666,465	$ 3,505,221
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll		$ 33,050,899	$ 7,210,967	$ 13,201,097	$ 16,387,812	$ 13,717,953
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,528,394	$ 551,639	$ 1,009,884	$ 1,253,668	$ 1,049,423

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Columbia Gas of Virginia, Inc.
Comparison Group 2008 Actual Customer Accounts Expense Per Customer

		Kentucky				Tennessee	
		Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric	Kingsport Power	
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 131)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 1,473,158	
Acct 905 - Misc Customer Accounts (page 322, line 133)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 425	
Subtotal		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 1,473,583	
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	Note A	$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 32,646	Group Average
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	Note B	$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 24,728	
Total Cost Pool		**$ 3,993,358**	**$ 6,326,180**	**$ 15,248,292**	**$ 6,280,591**	**$ 1,530,957**	**$330,989,546**
Total Customers (page 304, line 43)		134,703	175,646	536,441	400,699	46,961	11,360,858
Customer Account Services Expense per Customer		**$ 29.65**	**$ 36.02**	**$ 28.42**	**$ 15.67**	**$ 32.60**	**$ 29.13**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 6,333,174	$ 4,765,373	$ 24,119,043	$ 22,418,737	$ 199,803	
Total O&M Payroll (page 355, line 65)		$ 35,107,273	$ 24,348,550	$ 67,918,514	$ 73,056,617	$ 1,978,375	
Benefits as Percent of Payroll		18.0%	19.6%	35.5%	30.7%	10.1%	
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 2,613,424	$ 1,602,234	$ 7,181,104	$ 2,668,667	$ 368,129	
Gas (page 354, line 37)		$ 1,559,494	$ -	$ -	$ 2,175,749	$ -	
Total Payroll Charged to Customer Accounts		$ 4,172,918	$ 1,602,234	$ 7,181,104	$ 4,844,416	$ 368,129	
Percent Applicable to Customer Accounts Services (903 and 905):							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 3,221,753	$ 5,948,209	$ 12,515,610	$ 4,626,491	$ 1,473,158	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ (46,234)	$ 4,229	$ 334,960	$ 336,884	$ 425	
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 3,175,519	$ 5,952,438	$ 12,850,570	$ 4,963,375	$ 1,473,583	
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 986,864	$ 993,970	$ 3,761,113	$ 2,034,678	$ 204,604	
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 4,162,383	$ 6,946,408	$ 16,611,683	$ 6,998,053	$ 1,678,187	
Percent Applicable to Customer Accounts Services (903 and 905)		76.3%	85.7%	77.4%	70.9%	87.8%	
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 323,247	
Pension & Benefits Pertaining to Customer Accounts Services		$ 574,297	$ 268,710	$ 1,972,749	$ 1,054,370	$ 32,646	
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 3,183,556	$ 1,372,968	$ 5,555,204	$ 3,435,906	$ 323,247	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA		$ 243,542	$ 105,032	$ 424,973	$ 262,847	$ 24,728	

**PRE-FILED DIRECT TESTIMONY OF
PATRICK L. BARYENBRUCH**

**ON BEHALF OF
COLUMBIA GAS OF VIRGINIA, INC.**

Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General

Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company.

My firm has performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

I have acted as an expert witness on affiliate transactions-related matters in almost 40 rate cases for utility clients. In the state of Virginia, these utilities include Columbia Gas of Virginia, Dominion Virginia Power, Virginia Natural Gas, Virginia American Water, Massanutten Public Service and Po River Water and Sewer

Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by NiSource Corporate Services Company ("NCSC") and several NiSource operating companies during the 12 months ended December 31, 2009 to Columbia Gas of Virginia, Inc. ("CGV"). This study was undertaken in conjunction with CGV's rate case and is accurate to the best of my knowledge and belief. The study is attached as Attachment PLB-1.

Q. What were the objectives of your study?

A. This study was undertaken to determine the reasonableness of affiliate charges for services provided to CGV during 2009. Reasonableness was determined by answering the following three questions. First, are 2009 service-related affiliate charges to CGV reasonable compared to other utility service companies? Second, did NCSC provide

services to CGV at the lower of cost or market during 2009? Third, is the 2009 cost of NCSC's customer accounts services comparable to those of other utilities?

Q. What conclusions were you able to draw as to the reasonableness of 2009 charges from NCSC and other affiliates to CGV?

A. The cost per CGV customer for services from NCSC and other affiliates is reasonable and favorable as compared to the cost per customer for similar utility service companies. CGV was charged an average of $90 per customer by NCSC and other affiliates, approximately 24% lower than the average of $112 per customer for comparison group service companies. This determination was based on service company information included in Form 60, which must be annually filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies. The comparison is based on data from 2008, the latest year for which Form 60 information is currently available.

Q. What conclusions were you able to draw as to whether CGV was charged the lower of cost or market for the services provided by NCSC during 2009?

A. I was able to draw the following conclusions

(1) NCSC's services were provided to CGV during 2009 at the lower of cost or market.

(2) On average, the hourly rates for outside service providers are 82% higher than comparable hourly rates charged by NCSC.

(3) If all of the managerial and professional services now provided by its affiliates had been outsourced in 2009, CGV and its customers would have incurred $16.5 million in additional expenses.

(4) Affiliates' charges do not include any profit markup. Only the actual cost of the service provided is being charged to CGV and its customers.

Q. What conclusions were you able to draw concerning whether 2009 costs of NCSC's customer account services were reasonable?

A. The cost of NCSC and other affiliate's customer accounts services is well below the average of the neighboring electric utility comparison group. During 2009, CGV's customer accounts cost per customers was $17.01 compared to the utility comparison group's 2008 average of $29.13.

Q. Based on your work, can you conclude that CGV's 2009 affiliate charges for services are reasonable?

A. Yes, based on this study's results, it can be concluded that CGV's 2009 service-related charges from NCSC and other affiliates are reasonable.

Q. Does this complete your testimony?

A. Yes.

Elizabethtown Gas Company

Market Cost Comparison For AGL Services Company Charges During The Year Ended September 30, 2008

Baryenbruch & Company, LLC

Elizabethtown Gas Company
Market Cost Comparison For AGL Services Company Charges
During The Year Ended September 30, 2008

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I – Introduction

Purpose Of This Study

This study was undertaken to answer three questions concerning the services provided by AGL Services Company (AGSC) to Elizabethtown Gas Company (ETG), each of which bears on the reasonableness of those charges as incurred during the 12 months ended September 30, 2008:

1. Was ETG charged the lower of cost or market for managerial and professional services provided by the AGSC during the test period?

2. Was the 12 months ended September 30, 2008 cost of the Service Company's customer accounts services comparable to those of other utilities?

3. Were AGSC's charges to ETG during the 12-months ended September 30, 2008 reasonable compared to other utility service companies?

Study Results

Concerning question 1, the following conclusions can be drawn from this study:

- ETG was charged the lower of cost or market for managerial and professional services during the 12-months ended September 30, 2008.

- On average, the hourly rates for outside service providers are 65% higher than the AGSC's hourly rates.

- If all the managerial and professional services now provided by AGSC had been outsourced during the 12-months ended September 30, 2008, ETG and its ratepayers would have incurred $12 million in additional expenses.

- AGSC fees do not include any profit markup. Only its actual cost of service is being recovered from ETG ratepayers.

Concerning question 2, it was determined that the cost of AGSC's customer accounts services, including those provided by the National Call Centers, is below the average of the neighboring electric utility comparison group. As will be explained further herein, this group of companies provides a reasonable proxy group for comparison to a regulated utility of the size and scope of AGSC and ETG. During the 12-months ended September 30, 2008, the customer accounts cost per ETG customers was $36.76 compared to the 2007 average of $38.95 for neighboring electric utilities. The highest comparison group per customer cost was $80.86 and the lowest $13.25.

Concerning question 3, the following conclusions were reached:

- AGSC provides ETG with services similar to those provided by other utility service companies. This determination was based on service company information included in the Form 60, which must be filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies.

- The Service Company's 12 months ended September 30, 2008 cost per ETG customer was reasonable compared to cost per customer for electric and combination electric/gas service companies. During the test period, ETG was charged an average of $68 per customer by the Service Company compared to an average of $127 per customer for service companies reporting to the FERC.

II - Background

Overview of AGL Resources, Inc.

ETG is a wholly owned subsidiary of AGL Resources, Inc. (AGLR), an energy services holding company whose principle business is the distribution of natural gas to approximately 2.2 million end-use customers in Georgia, Virginia, Tennessee, New Jersey, Florida and Maryland. AGLR is organized into four operating business segments and one corporate/non-operating segment, as shown below.

Segment	Subsidiaries
Distribution Operations	• Atlanta Gas Light Company • Chattanooga Gas Company • Elizabethtown Gas Company • Elkton Gas Company • Florida City Gas Company • Virginia Natural Gas, Inc.
Retail Energy Operations	• SouthStar Energy Services LLC
Wholesale Energy Services	• Sequent Energy Management, L.P.
Energy Investments	• AGL Networks, LLC • Pivotal Jefferson Island Storage & Hub, LLC • Pivotal Propane of Virginia, Inc.
Corporate	• AGL Capital Corporation • AGL Services Company

Source: AGL Resources (http://www.aglresources.com/investor/facts.aspx)

AGL Services Company (AGSC) provides affiliate companies, including ETG, with management and administrative services listed below and defined in Exhibit 1.

Rates and regulatory	Information systems and technology
Internal auditing	Executive
Strategic planning	Investor relations
External relations	Customer services
Gas supply and capacity management	Employee services
Legal services and risk management	Engineering
Marketing	Business support
Financial services	Other

Exhibit 2 lists the regulated and non-regulated affiliate entities that are provided service by AGSC.

Services provided by AGSC to ETG are governed by a services agreement executed on July 9, 2008 with an effective date of January 1, 2006.

Elizabethtown Gas Company
Definition Of AGSC Services

Rates and Regulatory	AGSC assists the AGLR System Companies in the analysis of their rate structures and in the formulation of rate policies and advises and assists AGLR System Companies in proceedings before regulatory bodies involving the rates and operations of AGLR System Companies and of other competitors where such rates and operations directly or indirectly affect the AGLR System Companies. AGSC also assists AGLR System Companies by analyzing pipeline safety, environmental and safety regulations; writing the appropriate procedures to assist the system companies to stay in compliance with those regulations; providing internal reviews to assure operational, environmental and safety compliance; assisting in work with state and federal pipeline safety regulators and managing leak survey, pipeline integrity, locate and right of way contractors.
Internal Auditing	AGSC performs periodic reviews of operational, compliance, financial and information systems for AGLR System Companies.
Strategic Planning	AGSC advises and assists AGLR System Companies with the preparation of strategic business plans and corporate strategies.
External Relations	AGSC maintains relationships with government policy makers, conducts lobbying activities and provides community relations support.
Gas Supply and Capacity Management	AGSC provides gas control, scheduling, capacity planning and monitoring services. AGSC manages a centralized gas control center which provides natural gas delivery for natural gas distribution affiliates. AGSC also provides scheduling functions between the natural gas distribution affiliates and the pipelines for their daily supply. AGSC provides capacity planning services for each natural gas distribution affiliate including identifying present and future gas requirements to meet the needs of each natural gas distribution affiliate. AGSC provides monitoring of natural gas storage facilities and telecommunications networks. AGSC also coordinates the management of gas supply for natural gas distribution affiliates who offer retail services and coordinates gas transmission and storage services for all natural gas distribution affiliates to ensure the most efficient use of services and to capture economies of scale as a larger purchaser in the4 market. Individually, natural gas distribution affiliates may, however, remain as the contract party under any agreement.
Legal Services and Risk Management.	AGSC provides various legal services and general legal oversight. In addition, AGSC provides insurance, claims, security, environmental and safety related services and performs corporate secretarial functions.
Marketing	AGSC assists AGLR System Companies by providing analysis, implementation and maintenance of line extension policies, by providing analysis of tariff rates in response to customer needs and by developing marketing strategies and programs.
Financial Services	AGSC provides various services to AGLR System Companies including corporate tax, treasury, corporate accounting and reporting, general ledger maintenance and all accounting recordkeeping, processing certain accounts such as accounts payable, cash management, and others as may be deemed necessary, including hedging policy and oversight, financial planning and regulatory support (for all natural gas distribution affiliates and other AGLR System Company that interact with regulators or regulated companies) . Each AGLR System Company may also maintain its own corporate and accounting group and engage AGSC to provide advice and assistance on accounting matters, including the development of accounting practices, procedures and controls, the preparation and analysis of financial reports and the filing of financial reports with regulatory bodies, on a system-wide basis.

Elizabethtown Gas Company
Definition Of AGL Services Company Services

Information Systems and Technology	AGSC provides the AGLR System Companies with production support of web, mainframe and distributed computing applications, servers and networks. Also, provides deskside asset management, disaster recovery, data network, application security and voice communications services.
Executive	AGSC utilizes the executive staff of AGLR in order to assist the AGLR System Companies in formulating and executing general plans and policies, including operations, issuances of securities, appointment of executive personnel, budgets and financing plans, expansion of services, acquisitions and dispositions of property, public relationships and other related matters.
Investor Relations	AGSC maintains relationships with the financial community, provides shareholder services for the benefit of AGLR System Companies.
Customer Services	AGSC provides billing, mailing, remittance processing, call center and customer communication services for customers; by providing credit and collections support and analysis; by providing support for response to customer complaints and by providing customer service surveys to improve service and efficiency.
Employee Services	AGSC assists AGLR System Companies in developing employee relations policies and programs, and training personnel in a coordinated manner throughout the AGLR System Companies. Each AGLR System Company may maintain a human resources group to handle the individualized application of policies and programs. AGSC also provides payroll services, management of the employee benefit plans and employee communications
Engineering	AGSC provides engineering services for the AGLR System Companies. These services include infrastructure expansion and improvements, system analysis and modeling, GIS mapping and updates and maintenance and general engineering expertise.
Business Support – Purchasing	AGSC provides procurement services to AGLR System Companies.
Business Support – Facilities Management	AGSC provides facilities management services for offices owned by AGLR System Companies.
Business Support – Fleet	AGSC provides fleet services for vehicles owned or leased by AGLR System Companies.
Business Support – Other	AGSC provides other services to AGLR System companies such as records management, media and visual services and business process services.
Other	AGSC provides other services, such as business development, as requested by AGLR System Companies.

Exhibit 2

Elizabethtown Gas Company
Affiliates Served By AGL Services Company

	AGL Resources Inc. Entity
Regulated	Atlanta Gas Light Company Chattanooga Gas Company Elizabethtown Gas Company Elkton Gas Services Florida City Gas Jefferson Island Storage & Hub Pivotal Utility Holdings Inc Virginia Natural Gas
FERC Regulated	Golden Triangle Pivotal Jefferson Isd Stg &Hub
Non-Regulated	AGL C&I Energy Services Inc. AGL Capital Corporation AGL Capital Trust AGL Capital Trust II AGL Energy Corporation AGL Investments, Inc. AGL Networks, LLC AGL Peaking Services AGL Resources Inc. AGL Services Company Compass Energy Services Inc. Customer Care Services Company Distribution Operations Corp Georgia Natural Gas Company Global Energy Res Insurance Co NUI Capital, Inc. NUI Energy Brokers NUI Headquarters Pinnacle LNG, Inc. Pivotal Energy Services, Inc. Pivotal Propane of Virginia In Pivotal Storage, Inc Sequent Energy Canada Corp Sequent Energy Mngmt, LP-Corp Sequent Holdings, LLC Sequent LLC TIC Enterprises

AGSC Cost Assignment Process

AGSC provides services to operating companies at cost, as stipulated in the current service agreement with ETG. Within its accounting system, AGSC identifies its service costs through "account codes" including cost centers, account numbers, capital projects and O&M projects. This data enables AGSC to accumulate its expenses and properly assign them to the affiliate companies it serves.

To the extent practicable, AGSC expenses are assigned directly to affiliates being served. AGSC expenses that cannot be assigned directly are allocated among affiliates on a basis that is pertinent to the underlying services. The table shows the methods by which such costs of service are allocated to AGSC affiliates.

Service Category	Allocation Basis
Rates and Regulatory	End-Use Customers Ratio
Internal Auditing	Composite Ratio (employees, assets, operating expenses, operating margin)
Strategic Planning	Composite Ratio
External Relations	Composite Ratio
Gas Supply and Capacity Mgmt	End-Use Customers Ratio
Legal Services and Risk Mgmt	Composite Ratio
Marketing	End-Use Customers Ratio
Financial Services	Composite Ratio
Information Services	Composite Ratio
Executive	Composite Ratio
Investor Relations	Composite Ratio
Customer Services	
- Call Center Services	Call/Phone Volume Ratio
- Non-Call Center Services	End-Use Customers Ratio
Employee Services	Employees Ratio
Engineering	End-Use Customers Ratio
Business Support	Composite Ratio

III - Service Company Cost Comparison Approach

During the 12 months ended September 30, 2008, AGSC billed ETG $18,458,588. These charges were compared to outside benchmarks as shown in the table below.

Service Category	Year Ended Sep 30, 2008	Outside Cost Comparison Method
Customer Services	$ 3,759,288	Comparison to Neighboring Utilities
Employee Services	$ 1,259,355	
Engineering	$ 773,944	
Executive	$ 764,545	
External Relations	$ 422,847	
Facilities Mgt	$ 1,672,099	
Financial Services	$ 1,421,711	
Fleet	$ 124,934	
Gas Supply & Capacity Mgmt	$ 590,409	Comparison to Outside Service
Information Services	$ 4,606,750	Provider Hourly Billing Rates
Internal Audit	$ 129,143	
Investor Relations	$ 43,923	
Legal Services	$ 1,289,593	
Marketing Services	$ 325,736	
Other	$ 702,811	
Rates and Regulatory	$ 436,746	
Supply Chain Management	$ 134,724	
Outside Service Provider Total	$ 14,699,270	
Total AGSC Billings to ETG	**$ 18,458,558**	

This study's first question—whether AGSC's 12 months ended September 30, 2008 charges were priced at the lower of cost or market—was evaluated by comparing the cost per hour for managerial and professional services provided by AGSC personnel to hourly billing rates that would be charged by outside providers of equivalent services. AGSC costs per hour were based on actual charges to ETG during the 12 months ended September 30, 2008. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by AGSC.

The second question—whether AGSC 12 months ended September 30, 2008 customer services charges were comparable to other utilities—was addressed by comparing ETG's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be readily obtained from the Federal Energy Regulatory Commission's (FERC) Form 1. The availability and transparency of FERC data adds to the validity of its use in this comparison.

The third question—whether AGSC 12 months ended September 30, 2008 charges were reasonable—was determined by comparing ETG's AGSC charges per customer to those of electric and combination electric/gas utilities that file FERC Form 60 – Annual Report of Service Companies.

IV - Management And Professional Services Hourly Rate Comparison

Comparison Methodology

AGSC's billings to ETG during the twelve months ended September 30, 2008 were market tested by comparing the cost per hour for AGSC services to those of outside service providers to whom AGSC services could be outsourced. The outside providers selected for comparison were:

- Attorneys – legal services
- Certified Public Accountants – accounting, finance, internal audit, investor relations, information technology and rates and regulatory services
- Professional Engineers – engineering, gas management and operations-related services
- Management Consultants - executive management, external relations, human resources, communications services, marketing

Calculation Of AGSC Hourly Rates

During the twelve months ended September 30, 2008, AGSC billed ETG approximately $14.7 million for management and professional services. Exhibit 3 shows the results of this analysis and the designation of the outside provider for each market-testable service.

AGSC test year charges were compiled by each of the four outside provider category in Exhibit 4. Test year AGSC hours charged to ETG are compiled by outside provider category in Exhibit 5.

In the process of analyzing AGSC's billings to ETG, some outside services charges were noted. These represent expenses that are, in effect, already outsourced by AGSC and could not be avoided by ETG if it were to receive services from someone other than AGSC. Therefore, the amounts in the pertinent accounts had to be excluded from the AGSC hourly rate calculation. Excluded accounts are shown in Exhibit 6.

Based on previously described cost and hour data for the twelve months ended September 30, 2008, the AGSC's hourly rates by service provider category are calculated in the table below.

	Outside Provider Category				
	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	Total
Mgmt/Professional Service-Related AGSC Charges (Exhibit 4)	$ 3,475,295	$ 1,289,593	$ 6,772,996	$ 1,364,353	$ 12,902,238
Add: Overhead-Related AGSC Charges (A)	$ 483,402	$ 179,703	$ 943,442	$ 190,485	$ 1,797,033
Less: Excluded Charges (Exhibit 6)	(816,652)	(195,692)	(2,207,962)	(268,851)	(3,489,156)
Net Cost Pool Expenses	$ 3,142,045	$ 1,273,604	$ 5,508,477	$ 1,285,988	$ 11,210,114
Total Hours (Exhibit 5)	38,281	7,904	58,453	39,502	144,140
Average Hourly Rate	$ 82	$ 161	$ 94	$ 33	

Note A: Overheads are assigned to the outside provider categories on a prorata basis, as shown below:

	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	Total
Service-Related Charges	$ 3,475,295	$ 1,289,593	$ 6,772,996	$ 1,364,353	$ 12,902,238
Percent of Cost Pool Total	26.9%	10.0%	52.5%	10.6%	100.0%
Total Overhead	$ 1,797,033	$ 1,797,033	$ 1,797,033	$ 1,797,033	
Allocated Overhead	$ 483,402	$ 179,703	$ 943,442	$ 190,485	$ 1,797,033

Elizabethtown Gas Company
Determination Of Market Testability And Designation Of Outside Provider
12-Months Ended September 30, 2008

Service Category	Year Ended Sep 30, 2008	Outside Cost Comparison
Employee Services	$ 1,259,355	Management Consultant
Engineering	$ 773,944	Professional Engineer
Executive	$ 764,545	Management Consultant
External Relations	$ 422,847	Management Consultant
Facilities Mgt	$ 1,672,099	Overhead
Financial Services	$ 1,421,711	Certified Public Accountant
Fleet	$ 124,934	Overhead
Gas Supply & Capacity Mgmt	$ 590,409	Professional Engineer
Information Services	$ 4,606,750	Certified Public Accountant
Internal Audit	$ 129,143	Certified Public Accountant
Investor Relations	$ 43,923	Certified Public Accountant
Legal Services	$ 1,289,593	Attorney
Marketing Services	$ 325,736	Management Consultant
Other	$ 702,811	Management Consultant
Rates and Regulatory	$ 436,746	Certified Public Accountant
Supply Chain Management	$ 134,724	Certified Public Accountant
AGSC Billings to ETG	$ 14,699,270	

Note: Amounts above exclude outside services and T&E billed to ETG

Exhibit 4

Elizabethtown Gas Company
AGSC Amounts Charged ETG By Outside Service Provider Category
12-Months Ended September 30, 2008

	Management and Professional Services - Outside Provider Category					
	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	Overhead	
Customer Services						
Employee Services	$ 1,259,355					
Engineering				$ 773,944		
Executive	$ 764,545					
External Relations	$ 422,847					
Facilities Mgt					$ 1,672,099	
Financial Services			$ 1,421,711			
Fleet					$ 124,934	
Gas Supply & Capacity Mgmt				$ 590,409		
Information Services			$ 4,606,750			
Internal Audit			$ 129,143			
Investor Relations			$ 43,923			
Legal Services		$ 1,289,593				
Marketing Services	$ 325,736					
Other	$ 702,811					
Rates and Regulatory			$ 436,746			
Supply Chain Management			$ 134,724			Total
Total Cost Pool	$ 3,475,295	$ 1,289,593	$ 6,772,996	$ 1,364,353	$ 1,797,033	$ 14,699,270

Exhibit 5

Elizabethtown Gas Company
AGSC Hours Charged ETG By Outside Service Provider Category
12-Months Ended September 30, 2008

	Management and Professional Services - Outside Provider Category				
	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	
Customer Services					
Employee Services	18,889				
Engineering				25,296	
Executive	6,656				
External Relations	3,235				
Facilities Mgt					
Financial Services			21,557		
Fleet					
Gas Supply & Capacity Mgmt				14,206	
Information Services			25,311		
Internal Audit			2,511		
Investor Relations			230		
Legal Services		7,904			
Marketing Services	4,464				
Other	5,038				
Rates and Regulatory			5,281		
Supply Chain Management			3,562		Total
Total Cost Pool	38,281	7,904	58,453	39,502	144,140

Exhibit 6

Elizabethtown Gas Company
Excluded AGSC Outside Services Charges
12-Months Ended September 30, 2008

Service Category/Outside Expense	Outside Provider Category				
	Management Consultant	Attorney	Certified Public Accountant	Professional Engineer	
Employee Services					
Outside Services	$ 442,814				
Travel Expenses	$ 51,711				
Engineering					
Outside Services				$ 169,492	
Travel Expenses				$ 59,521	
Executive					
Outside Services	$ 106,598				
Travel Expenses	$ 41,358				
External Relations					
Outside Services	$ 30,185				
Travel Expenses	$ 6,193				
Financial Services					
Outside Services			$ 282,592		
Travel Expenses			$ 21,300		
Gas Supply & Capacity Mgmt					
Outside Services				$ 30,449	
Travel Expenses				$ 9,389	
Information Services					
Outside Services			$ 1,769,652		
Travel Expenses			$ 14,919		
Internal Audit					
Outside Services			$ 1,522		
Travel Expenses			$ 3,393		
Investor Relations					
Outside Services			$ 18,650		
Travel Expenses			$ 2,458		
Legal Services					
Outside Services		$ 166,976			
Travel Expenses		$ 28,716			
Marketing Services					
Outside Services	$ 6,856				
Travel Expenses	$ 13,621				
Other					
Outside Services	$ 104,698				
Travel Expenses	$ 12,617				
Rates and Regulatory					
Outside Services			$ 55,986		
Travel Expenses			$ 26,099		
Strategic Planning and Dev					
Outside Services					
Travel Expenses					
Supply Chain Management					
Outside Services			$ 8,306		
Travel Expenses			$ 3,085		Total
Total Excluded Outside Expenses	**$ 816,652**	**$ 195,692**	**$ 2,207,962**	**$ 268,851**	**$ 3,489,156**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

It should be noted that professionals working for 3 of the 4 outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among New Jersey certified public accounting firms only more experienced staff are predominantly CPAs, as shown in the table below. Some employees of the AGSC also have professional licenses. Thus, it is valid to compare the AGSC's hourly rates to those of the outside professional service providers included in this study.

Position	% In NJ Who Are CPAs
Partners/Owners	98%
Directors (over 10 years experience)	82%
Managers (6-10 years experience)	82%
Sr Associates (4-5 years experience)	50%
Associates (1-3 years experience)	17%
New Professionals	4%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Management Consultants

The cost per hour for management consultants was developed from a 2008 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2007 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 7, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. The 2007 average rate was escalated to March 31, 2008—the midpoint of the test year ended September 30, 2008.

Attorneys

The New Jersey Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for New Jersey attorneys. Therefore, an estimate of New Jersey attorney rates was developed from a survey of Massachusetts lawyers conducted annually by the Massachusetts Lawyers Weekly. As presented in Exhibit 8, the average rate for each Massachusetts firm respondent was adjusted for the cost of living differential between their location and Elizabeth, New Jersey. The survey includes rates that were in effect during 2007. This average was escalated to March 31, 2008—the midpoint of the test year ended September 30, 2008.

IV - Management And Professional Services Hourly Rate Comparison

Certified Public Accountants

The average hourly rate for New Jersey certified public accountants was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). Hourly rates in the AICPA survey come from member firms in New Jersey.

As shown in Exhibit 9, a weighted average hourly rate was developed based on a set of accountant positions and an assumed percent of time on a typical assignment. This survey includes rate information in effect during 2007. Thus the data had to be escalated to March 31, 2008—the test year's midpoint.

Professional Engineers

ETG provided hourly rate information for an engineering firm that is sometimes used by the company when outside engineering services are required. As shown in Exhibit 10, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Elizabethtown Gas Company
Billing Rates Of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 181	$ 236	$ 286	$ 333

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$181	$236	$286	$333	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 54	$ 47	$ 29	$ 33	**$ 206**

Escalation to Midpoint of September 30, 2008 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2008	213.5
Inflation/Escalation	1.7%
Average Hourly Billing Rate For Management Consultants At March 31, 2008	**$ 209**

Note A: source: "Operating Ratios For Management Consulting Firms, 2008 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Elizabethtown Gas Company
Billing Rates Of New Jersey Attorneys

Billing rates as of December 31, 2007 (Note A)										
		Number	Billing Rate Range					Cost of Living	
	Mass	Of Mass	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Edwards Angel Palmer & Dodge	Boston	259	$ 144	$ 144	$ 474	$ 474	$ 309	113%	$ 274
Sullivan & Worcester	Boston	137	$ 245	$ 530	$ 415	$ 700	$ 473	113%	$ 418
Burns & Levinson	Boston	112	$ 210	$ 350	$ 375	$ 475	$ 353	113%	$ 312
Bowditch & Dewey	Worcester	64	$ 150	$ 300	$ 280	$ 550	$ 320	89%	$ 361
Mirick O'Connell	Worcester	60	$ 160	$ 250	$ 280	$ 400	$ 273	89%	$ 307
Hinckley, Allen & Snyder	Boston	58	$ 200	$ 330	$ 300	$ 480	$ 328	113%	$ 290
Prince Lobel Glovsky & Tye	Boston	52	$ 175	$ 265	$ 275	$ 475	$ 298	113%	$ 263
Robinson & Cole	Boston	48	$ 220	$ 375	$ 340	$ 490	$ 356	113%	$ 315
Bromberg & Sunstein	Boston	42	$ 250	$ 450	$ 500	$ 725	$ 481	113%	$ 426
Lawson & Weitzen	Boston	35	$ 125	$ 225	$ 225	$ 400	$ 244	113%	$ 216
Murtha Cullina	Boston	34	$ 165	$ 290	$ 250	$ 500	$ 301	113%	$ 267
Marcus Errico Emmer & Brooks	Braintree	28	$ 250	$ 250	$ 300	$ 360	$ 290	106%	$ 274
Rich May	Boston	25	$ 150	$ 300	$ 300	$ 400	$ 288	113%	$ 255
Keegan Werlin	Boston	22	$ 150	$ 275	$ 325	$ 475	$ 306	113%	$ 271
Barron & Stadfeld	Boston	21	$ 160	$ 230	$ 250	$ 350	$ 248	113%	$ 219
Cain Hibbard Myers & Cook	Pittsfield	19	$ 150	$ 200	$ 210	$ 235	$ 199	89%	$ 222
							Overall Average 2007 Billing Rate		$ 293

Escalation to Test Year's Mid-Point - March 31, 2008 (Note B)	
CPI at December 31, 2007	210.0
CPI at March 31, 2008	213.5
Inflation/Escalation	1.7%
Average Billing Rate At March 31, 2008	**$ 298**

Note A: Source is Massachusetts Lawyers Weekly, April 2008

Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Massachusetts city and Elizabeth, NJ. A number over 100% indicates the Massachusetts city's cost of living is higher than Elizabeth. A number less than 100% indicates Elizabeth's cost of living is higher.

Elizabethtown Gas Company
Billing Rates Of New Jersey Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 96	$ 133	$ 177	$ 194	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 29	$ 40	$ 35	$ 39	**$ 143**

Escalation to Midpoint of September 30, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at March 31, 2008	213.5
Inflation/Escalation	1.7%
Average Hourly Billing Rate For CPAs At March 31, 2008	**$ 145**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Elizabethtown Gas Company
Billing Rates Of New Jersey Engineers

Note: Billing rates were those in effect in 2008

Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates				
	Technician Senior Technician	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate by Engineering Position	$70	$106	$146	$162	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$21	$37	$36	$16	**$111**

Source: Information provided by Elizabethtown Gas Company

IV - Management And Professional Services Hourly Rate Comparison

As shown in the table below, AGSC's costs per hour during the test year ended September 30, 2008 are considerably lower than those of outside providers.

	Test Year Cost Per Hour Difference		
Service Provider	AGSC	Outside Providers	Difference-- AGSC Greater(Less) Than Outside
Management Consultant	$ 82	$ 209	$ (127)
Attorney	$ 161	$ 298	$ (137)
Certified Public Accountant	$ 94	$ 145	$ (51)
Professional Engineer	$ 33	$ 111	$ (78)

As calculated below, based on these cost per hour differentials and the number of hours AGSC billed ETG during the test year, AGSC's services would have cost $12 million more from outside providers. This is 68% more than AGSC's total charges to ETG during the test year ended September 30, 2008 ($12,015,443 / $18,458,558 = 65%).

	Test Year Total Cost Difference		
Service Provider	Hourly Rate Difference-- AGSC Greater(Less) Than Outside	AGSC Hours Charged	Dollar Difference
Management Consultant	$ (127)	38,281	$ (4,858,765)
Attorney	$ (137)	7,904	$ (1,081,999)
Certified Public Accountant	$ (51)	58,453	$ (2,983,655)
Professional Engineer	$ (78)	39,502	$ (3,091,024)
Net AGSC Less Than Outside Providers			$ (12,015,443)

V - Customer Accounts Services Cost Comparison

Background

It is difficult to compare the cost of AGSC's customer services charges to ETG with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, AGSC's test year customer services charges are compared to those of neighboring electric utilities because the data necessary to make this comparison is readily available to the public.

Electric utility cost information comes from the FERC Form 1 that each must file. FERC's chart of accounts is defined in chapter 18, part 101 of Code of Federal Regulations. FERC accounts that contain customer account-related expenses and are used in this study's comparison are:

- Account 903 Customer Accounts Expense – Records and Collection Expense
- Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense.

In addition, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905.

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA).

Exhibit 11 provides FERC's description of what should be charged to these accounts. In questioning the controller of a large electric utility, it was determined that expenses of the activities described below are recorded in the designated FERC accounts.

903 Records and Collection Expense

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing and mailing
- Remittance processing – processing of customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

905 Miscellaneous Customer Accounts Expense

- Customer Information System IT – maintenance and support of the customer information system

This study assumes the FERC accounts for other electric and gas utilities contain expenses for the same activities.

Elizabethtown Gas Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Elizabethtown Gas Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

V - Customer Accounts Services Cost Comparison

Comparison Group

Neighboring electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1 shows amounts for accounts 903 and 905.

New Jersey	• Atlantic City Electric • Jersey Central Power	• Public Service Electric & Gas • Rockland Electric
New York	• Central Hudson Gas & Electric • Consolidated Edison • New York State Electric & Gas	• Niagara Mohawk Electric Power • Rochester Gas & Electric
Pennsylvania	• Duquesne Light • Metropolitan Edison • PECO Energy • Pennsylvania Electric	• Pennsylvania Power • PPL Electric Utilities • West Penn Power
Delaware	• Delmarva Power & Light	

Comparison Approach

The basis for this comparison is customer account services expenses per customer. ETG's cost pool was developed to include the same expenses included in electric utility's FERC accounts 903 and 905. As shown in the graphic below, ETG's resultant cost pool contains the expenses of AGSC and certain expenses it incurs itself.

Elizabethtown Gas Company
AGSC
a. Customer contact
b. Customer order processing
c. Billing information processing
d. Collections
e. Correspondence processing
ETG
a. Postage and forms
b. Customer payment processing

Electric Utilities
FERC Acct 903 - Records and Collection Expense and FERC Acct 905 - Misc Customer Accounts Expense
a. Customer contact
b. Customer order processing
c. Bill preparation and mailing
d. Collections
e. Payment processing
f. Correspondence processing

ETG Cost Per Customer

In order to make a valid comparison to neighboring electric utilities, it was necessary to adjust the AGSC call center call handling charges because electric utilities experience an average of 2.50 calls per customer compared to ETG's 1.54 calls per customer. Thus, AGSC call center call handling charges had to be increased for comparison purposes, to reflect its costs at a 2.50 calls per customer level. As shown below, ETG's adjusted annual expense per customer is $36.76—the number that can be compared to neighboring electric utilities' expenses. Included in this amount are the estimated incremental charges from AGSC to establish a call center in New Jersey. ETG's 12 months ended September 30, 2008 unadjusted annual expense per customer is $21.46.

Elizabethtown Gas 12-Months Ended September 30, 2008 Cost Per Customer

	Cost Component	YE 9/30/08 Service Co Charges	Adjustment Fewer Calls For Gas Cos. (A)	Adjusted	
AGSC	Call processing, order processing, credit, bill collection	$ 6,634,153	$ 1,296,613	$ 7,930,766	
ETG	Customer payment processing			$ 475,046	(B)
ETG	Postage & forms			$ 1,617,199	
			Cost Pool Total	$ 10,023,011	
			Total ETG Customers	272,639	
	12 Months Ended September 30, 2008 Cost Per ETG Customer			**$ 36.76**	

Note A: Adjustment for AGSC's fewer calls per customer
This adjustment is necessary because gas utilities experience fewer calls per customer than do electric utilities

Call handling expenses		$ 2,080,564
Electric utility industry's avg calls/customer	2.50	
AGSC's avg calls/customer	1.54	
Percent different	62%	62%
Total Adjustment		$ 1,296,613

Note B: Estimated customer payment processing expenses

Number of customers	272,639
Number of payments/customer/year	12
Total payments processed/year	3,271,667
Bank charge per item	$ 0.1452
Total estimated annual expense	$ 475,046

Electric Utility Group Cost Per Customer

Exhibit 12 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

V - Customer Accounts Services Cost Comparison

Summary Of Results

As shown in the table below, ETG's cost per customer is less than the average of the neighboring electric utility comparison group. It can therefore be concluded that ETG's 12 months ended September 30, 2008 customer accounts-related expenses that were assigned to ETG are reasonable compared to those of other utilities.

Customer Account Services Expenses Per Customer	
West Penn Power Company	$ 13.25
Pennsylvania Electric Company	$ 13.97
Jersey Central Power & Light Company	$ 16.15
Metropolitan Edison Company	$ 16.23
Duquesne Light Company	$ 17.18
Pennsylvania Power Company	$ 17.24
Rochester Gas & Electric Corporation	$ 26.05
PPL Electric Utilities Corporation	$ 27.14
New York State Electric & Gas Corporation	$ 32.66
Niagra Mohawk Power Corporation	$ 33.92
Elizabethtown Gas Company	**$ 36.76**
Comparison Group Average	**$ 38.95**
Consolidated Edison Company	$ 41.81
Central Hudson Gas & Electric Company	$ 42.06
PECO Energy Company	$ 55.43
Delmarva Power & Light Company	$ 61.87
Atlantic City Electric Company	$ 64.62
Public Service Electric & Gas	$ 65.16
Rockland Electric Company	$ 80.86

Elizabethtown Gas Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		New York				
		Central Hudson Gas & Electric	Consolidated Edison	New York State Electric & Gas	Niagra Mohawk Power	Rochester Gas & Electric
Customer Account Services Cost Pool						
FERC Account Balances:						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,792,859	$ 107,555,864	$ 26,372,490	$ 35,758,154	$ 8,525,074
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,132,137	$ 372,972	$ 89,302	$ 402,337	$ 8,126
Subtotal		$ 8,924,996	$ 107,928,836	$ 26,461,792	$ 36,160,491	$ 8,533,200
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,919,480	$ 20,066,841	$ 266,903	$ 10,397,245	$ 353,189
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 486,257	$ 7,290,483	$ 1,740,902	$ 2,096,265	$ 471,829
Total Cost Pool		**$ 12,330,733**	**$ 135,286,160**	**$ 28,469,597**	**$ 48,654,002**	**$ 9,358,218**
Total Customers (page 304, line 43)		293,201	3,236,036	871,630	1,434,258	359,257
Customer Account Services Expense per Customer		**$ 42.06**	**$ 41.81**	**$ 32.66**	**$ 33.92**	**$ 26.05**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 24,192,586	$ 118,006,273	$ 1,615,397	$ 78,351,514	$ 3,205,198
Total O&M Payroll (page 355, line 65)		$ 52,672,115	$ 560,429,460	$ 137,733,049	$ 206,497,064	$ 55,971,970
Benefits as Percent of Payroll		45.9%	21.1%	1.2%	37.9%	5.7%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)		$ 6,917,158	$ 99,942,846	$ 23,752,723	$ 26,798,684	$ 4,325,330
Gas (page 354, line 37)		$ 1,237,398	$ 21,938,274	$ 4,399,319	$ 5,046,591	$ 3,445,952
Total Payroll Charged to Customer Accounts		$ 8,154,556	$ 121,881,120	$ 28,152,042	$ 31,845,275	$ 7,771,282
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,792,859	$ 107,555,864	$ 26,372,490	$ 35,758,154	$ 8,525,074
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 2,132,137	$ 372,972	$ 89,302	$ 402,337	$ 8,126
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 8,924,996	$ 107,928,836	$ 26,461,792	$ 36,160,491	$ 8,533,200
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 2,524,974	$ 30,102,933	$ 6,273,505	$ 5,863,233	$ 2,218,615
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 11,449,970	$ 138,031,769	$ 32,735,297	$ 42,023,724	$ 10,751,815
Percent Applicable to Customer Accounts Services (903 and 905)		77.9%	78.2%	80.8%	86.0%	79.4%
Customer Account Services Portion of Total Payroll		$ 6,356,294	$ 95,300,433	$ 22,756,888	$ 27,402,159	$ 6,167,694
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,919,480	$ 20,066,841	$ 266,903	$ 10,397,245	$ 353,189
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll		$ 6,356,294	$ 95,300,433	$ 22,756,888	$ 27,402,159	$ 6,167,694
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 486,257	$ 7,290,483	$ 1,740,902	$ 2,096,265	$ 471,829

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Elizabethtown Gas Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Pennsylvania						
		Duquesne Light	Metropolitan Edison	PECO Energy	Pennsylvania Electric	Pennsylvania Power	PPL Electric Utilities	West Penn Power
Customer Account Services Cost Pool								
FERC Account Balances:								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,737,679	$ 9,890,607	$ 44,969,347	$ 10,340,968	$ 2,890,828	$ 28,563,240	$ 7,242,682
Acct 905 - Misc Customer Accounts (page 322, line 163)			$ 67,126	$ 34,562,550	$ 129,987	$ 120,019	$ 990,261	
Subtotal		$ 6,737,679	$ 9,957,733	$ 79,531,897	$ 10,470,955	$ 3,010,847	$ 29,553,501	$ 7,242,682
Add: Employee Benefits & Employer FICA (not included in above amounts)								
Account 926 - Employee Pension & Benefits	**Note A**	$ 2,882,752	$ (1,381,989)	$ 5,155,926	$ (2,549,675)	$ (352,049)	$ 6,625,261	$ 1,756,974
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 443,792	$ 250,883	$ 1,529,319	$ 303,672	$ 82,837	$ 1,414,208	$ 420,205
Total Cost Pool		**$ 10,064,223**	**$ 8,826,626**	**$ 86,217,142**	**$ 8,224,953**	**$ 2,741,635**	**$ 37,592,970**	**$ 9,419,861**
Total Customers (page 304, line 43)		585,837	543,811	1,555,342	588,871	158,987	1,385,081	711,050
Customer Account Services Expense per Customer		**$ 17.18**	**$ 16.23**	**$ 55.43**	**$ 13.97**	**$ 17.24**	**$ 27.14**	**$ 13.25**
Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt								
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 31,719,047	$ (13,720,330)	$ 32,224,495	$ (23,125,715)	$ (2,234,231)	$ 32,626,364	$ 16,946,481
Total O&M Payroll (page 355, line 65)		$ 63,830,893	$ 32,558,865	$ 124,944,222	$ 36,004,272	$ 6,872,052	$ 91,036,928	$ 52,980,284
Benefits as Percent of Payroll		49.7%	-42.1%	25.8%	-64.2%	-32.5%	35.8%	32.0%
Payroll Applicable to Customer Account Services								
Total Payroll Charged to Customer Accounts Function								
Electric (page 354, line 7)		$ 9,475,692	$ 5,280,949	$ 19,294,311	$ 6,944,688	$ 1,675,705	$ 20,006,926	$ 8,515,659
Gas (page 354, line 37)				$ 4,308,224				
Total Payroll Charged to Customer Accounts		$ 9,475,692	$ 5,280,949	$ 23,602,535	$ 6,944,688	$ 1,675,705	$ 20,006,926	$ 8,515,659
Percent Applicable to Customer Accounts Services (903 and 905):								
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 6,737,679	$ 9,890,607	$ 44,969,347	$ 10,340,968	$ 2,890,828	$ 28,563,240	$ 7,242,682
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ -	$ 67,126	$ 34,562,550	$ 129,987	$ 120,019	$ 990,261	$ -
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 6,737,679	$ 9,957,733	$ 79,531,897	$ 10,470,955	$ 3,010,847	$ 29,553,501	$ 7,242,682
Acct 902 - Meter Reading Expenses (page 322, line 160)		$ 4,267,654	$ 6,077,049	$ 14,367,596	$ 7,847,777	$ 1,648,497	$ 2,430,838	$ 3,985,713
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 11,005,333	$ 16,034,782	$ 93,899,493	$ 18,318,732	$ 4,659,344	$ 31,984,339	$ 11,228,395
Percent Applicable to Customer Accounts Services (903 and 905)		61.2%	62.1%	84.7%	57.2%	64.6%	92.4%	64.5%
Customer Account Services Portion of Total Payroll		$ 5,801,203	$ 3,279,513	$ 19,991,102	$ 3,969,571	$ 1,082,833	$ 18,486,382	$ 5,492,879
Pension & Benefits Pertaining to Customer Accounts Services		$ 2,882,752	$ (1,381,989)	$ 5,155,926	$ (2,549,675)	$ (352,049)	$ 6,625,261	$ 1,756,974
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services								
Customer Account Services Portion of Total Payroll		$ 5,801,203	$ 3,279,513	$ 19,991,102	$ 3,969,571	$ 1,082,833	$ 18,486,382	$ 5,492,879
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 443,792	$ 250,883	$ 1,529,319	$ 303,672	$ 82,837	$ 1,414,208	$ 420,205

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Elizabethtown Gas Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		New Jersey				Delaware	
		Atlantic City Electric	Jersey Central Power	Public Service Electric & Gas	Rockland Electric	Delmarva Power & Light	
Customer Account Services Cost Pool							
FERC Account Balances:							
Acct 903 - Customer Records & Collection (page 322, line 161)		$ 34,063,616	$ 18,299,363	$ 61,441,865	$ 2,475,789	$ 30,683,864	
Acct 905 - Misc Customer Accounts (page 322, line 163)		$ 215,510	$ 240,813	$ 47,534,288	$ 540,096	$ 6,566	
Subtotal		$ 34,279,126	$ 18,540,176	$ 108,976,153	$ 3,015,885	$ 30,690,430	
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 587,177	$ (1,616,522)	$ 23,595,603	$ 2,188,057	$ 675,718	
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 167,059	$ 605,236	$ 5,773,476	$ 127,460	$ 561,925	
Total Cost Pool		**$ 35,033,363**	**$ 17,528,889**	**$ 138,345,232**	**$ 5,331,402**	**$ 31,928,073**	
Total Customers (page 304, line 43)		542,126	1,085,244	2,123,296	65,930	516,058	
Customer Account Services Expense per Customer		**$ 64.62**	**$ 16.15**	**$ 65.16**	**$ 80.86**	**$ 61.87**	

Group Average
$ 625,353,079
16,056,015
$ 38.95

Note A: Calculation of Pension & Benefits Pertaining to Customer Acct Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)	$ 5,448,080	$ (14,229,979)	$ 100,766,385	$ 12,595,033	$ 3,579,071	
Total O&M Payroll (page 355, line 65)	$ 20,262,055	$ 69,644,320	$ 322,300,173	$ 9,590,763	$ 38,906,442	
Benefits as Percent of Payroll	26.9%	-20.4%	31.3%	131.3%	9.2%	
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)	$ 2,437,942	$ 13,070,700	$ 49,210,872	$ 2,101,785	$ 8,109,529	
Gas (page 354, line 37)			$ 39,610,698		$ 1,431,093	
Total Payroll Charged to Customer Accounts	$ 2,437,942	$ 13,070,700	$ 88,821,570	$ 2,101,785	$ 9,540,622	
Percent Applicable to Customer Accounts Services (903 and 905):						
Acct 903 - Customer Records & Collection (page 322, line 161)	$ 34,063,616	$ 18,299,363	$ 61,441,865	$ 2,475,789	$ 30,683,864	
Acct 905 - Misc Customer Accounts (page 322, line 163)	$ 215,510	$ 240,813	$ 47,534,288	$ 540,096	$ 6,566	
Subtotal - Total Charges Applicable to Customer Accounts Services	$ 34,279,126	$ 18,540,176	$ 108,976,153	$ 3,015,885	$ 30,690,430	
Acct 902 - Meter Reading Expenses (page 322, line 160)	$ 3,989,581	$ 12,090,001	$ 19,278,753	$ 788,554	$ 9,171,909	
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading	$ 38,268,707	$ 30,630,177	$ 128,254,906	$ 3,804,439	$ 39,862,339	
Percent Applicable to Customer Accounts Services (903 and 905)	89.6%	60.5%	85.0%	79.3%	77.0%	
Customer Account Services Portion of Total Payroll	$ 2,183,782	$ 7,911,579	$ 75,470,275	$ 1,666,144	$ 7,345,424	
Pension & Benefits Pertaining to Customer Accounts Services	$ 587,177	$ (1,616,522)	$ 23,595,603	$ 2,188,057	$ 675,718	
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll	$ 2,183,782	$ 7,911,579	$ 75,470,275	$ 1,666,144	$ 7,345,424	
Employer's Portion of FICA (6.20%) and Medicare (1.45%)	7.65%	7.65%	7.65%	7.65%	7.65%	
Estimated Employer's Portion of FICA	$ 167,059	$ 605,236	$ 5,773,476	$ 127,460	$ 561,925	

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ETG's Service Company Cost Per Customer

During the 12 months ended September 30, 2008, ETG was charged $68 per customer in O&M expenses by the Service Company. As shown in the table below, this calculation is based on net testable O&M, which eliminates certain O&M items for which ETG has not requested cost recovery.

	12 Months Ended Sep. 30, 2008
AGSC Billings to ETG	$ 18,458,558
ETG Customers (average)	272,639
AGSC Cost Per ETG Customer	$ 68

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with the Public Utility Holding Company Act of 2005, Section 1270, Section 390 of the Federal Power Act and 18 C.F.R. paragraph 366.23. This report is designed to collect financial information from service companies that are subject to regulation by the FERC.

Twenty-three utility holding companies filed a Form 60 for 2007. All but two were included in the comparison group. The service company for PNM Resources, Inc. was excluded because its 2007 service company cost per regulated utility customer was clearly an anomaly as a negative number. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies did not provide numbers for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

Exhibit 14 compares the services provided by AGSC to the services provided by comparison group service companies. In general, the types of services provided by AGSC are similar to those provided by comparison group service companies.

O&M expenses charged to utility affiliates for the comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (p. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (e.g., accounting, information technology) and type of cost (e.g., labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in AGSC's 2008 charges to ETG:

- All electric-specific services
- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411) and investment tax credit (account 411.5).
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430) and other interest expense (account 431)

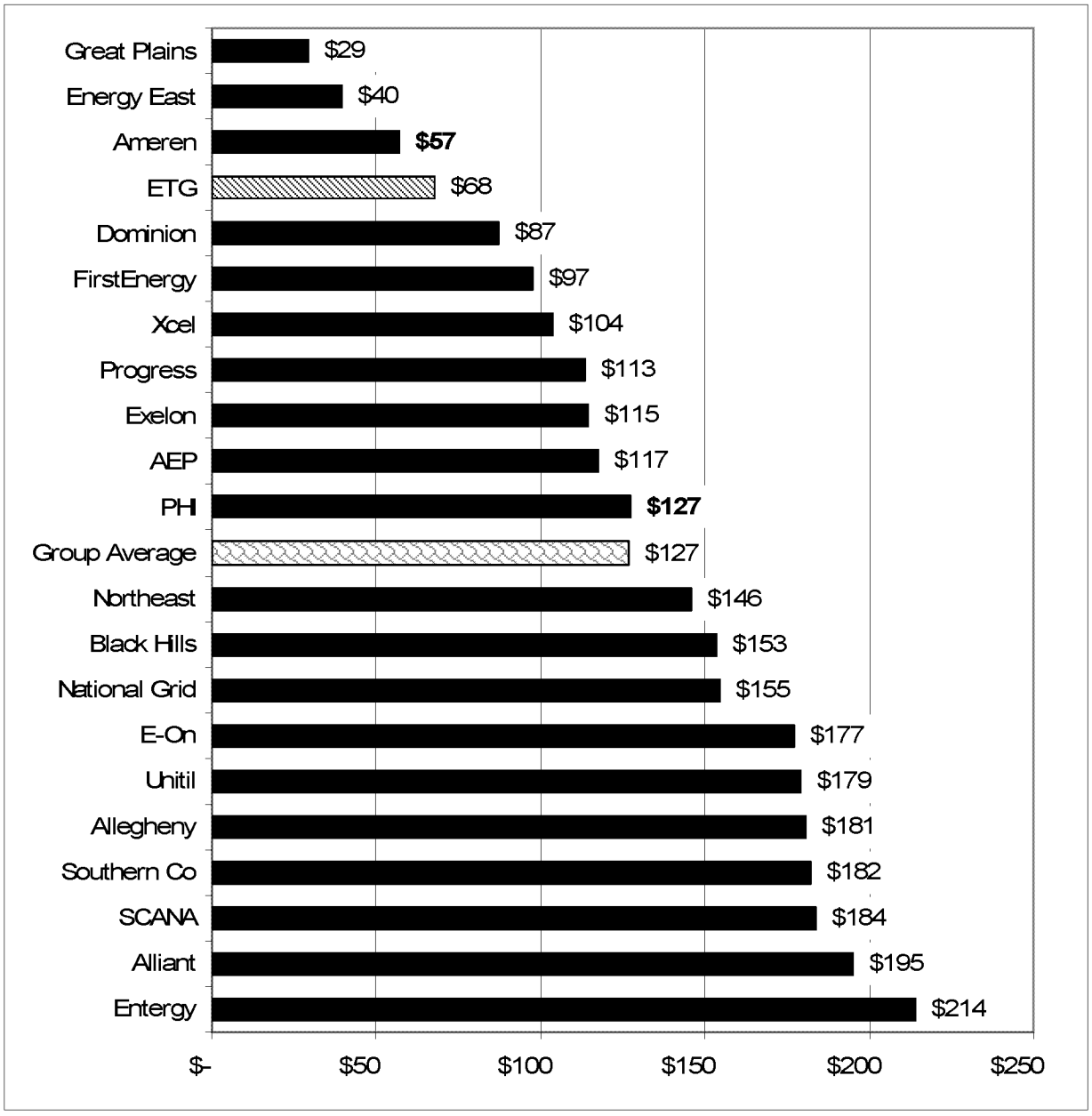
VI – Cost Comparison To Other Utility Service Companies

Comparison group service company 2007 expenses were also adjusted to remove charges to non-regulated affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from the FERC Form 60 schedule: Account 457 – Analysis of Billing – Associate Companies.

Exhibit 15 shows ETG's 12 months ended September 30, 2008 Service Company cost per customer of $68 to be considerably lower than the average of $127 per customer for the comparison group service companies. Only 3 of 20 comparison group service companies had a lower 2007 cost per customer than ETG. These results further support the conclusion that the Service Company's 2007 charges to ETG were reasonable.

Elizabethtown Gas Company
Analysis of Service Company Services

Service Category	AGSC	AEP	Allegheny	Alliant	Ameren	Black Hills	Dominion	Energy East	Entergy	E-On	Exelon	First Energy	Great Plains	KeySpan	NiSource	Northeast	PHI	Progress	SCANA	Southern Co	Unitil	Xcel
Accounting	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X			X	X
Audit Services	X	X	X	X		X	X	X		X		X	X	X	X			X		X		X
Corporate Planning	X	X	X		X	X	X			X		X		X	X	X		X	X			X
Customer Service	X	X	X	X		X	X			X	X	X		X	X	X	X		X		X	X
Engineering	X	X		X										X	X					X	X	X
Environmental	X	X		X	X	X	X			X		X		X	X		X		X	X		
Executive	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X
External Affairs	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Facilities Management	X			X							X	X		X					X			X
Finance	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Human Resources	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Information Technology	X	X	X	X	X	X	X	X	X	X	X	X		X	X		X	X	X	X	X	X
Investor Relations	X	X		X		X	X					X			X			X	X			X
Legal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X
Operations	X													X	X							
Regulatory Services	X	X	X	X	X	X	X	X		X	X	X		X	X			X	X		X	X
Risk Management	X	X	X			X	X	X		X		X		X	X							X
Security	X		X							X	X											
Service Co Overhead		X			X	X	X			X	X		X	X	X		X					
Shared Services	X	X			X	X	X			X	X			X	X	X		X				
Supply Chain	X	X	X	X	X		X	X		X	X	X		X	X		X		X	X		X
Transportation Services	X			X						X												X
Treasury	X		X		X		X			X		X		X	X			X				
Total Service Categories	22	18	15	16	14	16	17	11	6	19	14	17	8	20	20	8	10	13	13	10	7	17


Great Plains $29
Energy East $40
Ameren $57
ETG $68
Dominion $87
FirstEnergy $97
Xcel $104
Progress $113
Exelon $115
AEP $117
PHI $127
Group Average $127
Northeast $146
Black Hills $153
National Grid $155
E-On $177
Unitil $179
Allegheny $181
Southern Co $182
SCANA $184
Alliant $195
Entergy $214
$- $50 $100 $150 $200 $250

Governance Practices Associated With AGSC Charges

A number of management practices exist to ensure that AGSC charges to operating companies are appropriate. Specifically, certain review, approval and monitoring activities are performed by AGSC and ETG personnel that work to control the on-going level of AGSC charges to ETG. Examples of such governance activities include the following.

- AGL Services Company Oversight – Every operating company president is an officer of AGL Resources. This gives them a say in major business decisions and the ability to monitor service quality and spending levels.

- AGL Services Budget Review/Approval – Each year, AGL Resources presents its consolidated budget to its Board of Directors for approval. Every operating company president must formally approve its individual budget, which includes AGL Services charges for the next year.

- Project Review And Approval – Major projects undertaken by AGL Services must first be reviewed by the operating companies that will pay for the initiative. Consultants used on these projects who are hired by AGL Services must also be approved by operating companies. This process is achieved through the process of having projects approved by the Management Committee, which includes the presidents of all AGLR operating companies.

- AGL Services Budget Variance Reporting – A summary and explanation of year-to-date budget variances is prepared for the entire AGL Services on a monthly basis. In addition, a monthly variance report is produced by AGL Services budget managers and shows budget versus actual spending for the month and year-to-date by cost category.

- ETG Budget Variance Reporting – ETG's monthly budget variance report contains a line item for AGL Services charges. In this way, AGL Services budget versus actual charges can be monitored by ETG personnel for the month and year-to-date.

AGSC Cost Saving Initiatives

ETG and its customers have realized cost savings due to ETG's association with AGSC. Described below are several examples where AGSC initiatives produced such savings for ETG. These examples provide further evidence that AGSC is the low-cost service provider.

- When ETG was acquired by AGLR, its materials were housed in several locations and a large portion was in the hands of construction contractors. At May 1, 2005, the value of that inventory was almost $2,500,000. By implementing several AGSC-initiated process improvements and putting into place new controls the value of ETG's material inventory has been reduced to $430,636 as of October 1, 2008. This has freed up over $2 million in capital and reduced the associated carrying costs and overheads.

- Process improvements that helped reduce materials inventory included materials standardization. This process converted ETG's old non-sequential numbered material items to AGLR's system-wide materials numbering scheme. This standardization reduced the number of ETG's SKUs and allowed AGSC's Supply Chain department to consolidate purchases and improve leverage with vendors. The move to material standardization will allow all AGLR operating utilities to take advantage of volume discounts associated with larger scale buying power.

- Part of the inventory reduction was accomplished by moving the materials and management of construction materials over to the construction contractor. Using their capital, the contractors are directed to purchase project materials direct from the AGLR third party materials supplier. The contractor must manage those materials required to complete their projects. They are allowed to invoice AGLR for only the materials used on the project. This forces the contractor to be more responsible and become better stewards of the materials thereby reducing waste and scrap.

- A recent process improvement which reduced inventory and will improve operating efficiency is the move to consignment material depots. These depots, situated in ETG's three service locations, are used to store 350-500 high turnover field service material item which are owned by a third party supplier. The quantities stored in the depot are managed to economical levels by the third party supplier and AGSC's Supply Chain department. ETG is billed for only the items withdrawn from the depot inventory. Because the ordering and replenishment of this inventory is managed by ETG internal staff, ETG is not charge a service fee for that service.

- A process improvement currently being implemented is the move to truck stock material kitting or the packaging of a specific set and quantity of material items. The kitting of materials will reduce material waste because there will be no excess materials to become damaged while being transported on trucks. Vehicle lives can be extended because fewer items and weight are being transported. This can add to the life of a vehicle and reduce maintenance. Kitting will enable trucks to be in a high state of readiness because the kits will contain items associated with the work requirements of the field service staff. Finally, kits are stored in the depots and owned by the third party supplier until they are withdrawn for use by ETG.

- Before it was acquired by AGLR, ETG utilized McJunkin Red Man as its partial third party materials integrator for approximately 600 SKUs. The mark-up on this arrangement was 22% on the cost of the materials. After the acquisition, this agreement was cancelled and ETG was brought underneath the AGLR enterprise agreement. As a result, McJunkin Red Man became the full third party integrator for ETG with approximately 2,200 SKUs under contract. At that time, the mark-up percentage to the third party integrator was established at 17%--a 5% savings on ETG's original 600 SKU. Since ETG has come underneath the AGLR enterprise agreement, it has saved approximately $313,000 on original 600 items from the mark-up percentage.

- Before it was acquired, ETG utilized ERT technology from Itron, Inc. to whom it paid $50.00 per residential ERT device and $70.00 per commercial ERT device. ETG was subsequently added to the AGLR enterprise Itron agreement, which brought down its prices to $46.00 per residential ERT device and $65.00 per commercial ERT Device. AGSC was subsequently able to negotiate even lower prices from Itron thus bringing down the price per residential ERT device to $34.75 and price per commercial ERT device to $58.00. Based on the volume of ERT devices procured for ETG since being acquired, it realized total savings of approximately $519,000.

Market Cost Comparison of Affiliate Company Charges to Po River Water & Sewer Company

12 Months Ended December 31, 2008

Po River Water & Sewer Company
Market Cost Comparison of Affiliate Company Charges
12 Months Ended December 31, 2008

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I - Introduction

Purpose of This Study

This study was undertaken to determine if Po River Water Company (Po River) was charged the lower of cost or market for services provided by its affiliate, The Carlyle Group (Carlyle) during the 12 months ended December 31, 2008.

Study Results

The following conclusions can be drawn from this study:

- Po River was charged the lower of cost or market for managerial, professional, and operations and maintenance services during the 12 months ended December 31, 2008.

- On average, the hourly rates for outside service providers are **74% greater** than the Carlyle's hourly rates.

- If all the managerial, professional, and operations and maintenance services now provided by Carlyle had been out-sourced during the 12 months ended December 31, 2008, Po River and its ratepayers would have incurred an **additional $304,200** in expenses.

- Carlyle charges do not include any profit markup. Only the Carlyle's actual cost of service is being recovered from Po River ratepayers.

II - Background

Overview of Po River and Carlyle

Po River is a Virginia public service corporation certificated by the State Corporation Commission (the Commission) to provide water and sewer services to individual lot owners and to the campground's common area facilities of Indian Acres Club of Thornburg, Inc in Spotsylvania County, Virginia.

Po River has no employees of its own. All personnel serving Po River are employees of its parent company, Carlyle. Employees located in Virginia are involved in operating and maintaining the water and sewer facilities and equipment. These on-site employees are overseen by Carlyle's Environmental Director, who works out of a Chapel Hill, North Carolina office.

Other Carlyle employees serving Po River are located in Carlyle's corporate headquarters in Los Angeles, California. Headquarters personnel provide the following services to operating utilities:

- Executive Management
- Regulatory
- Accounting
- Legal
- Billing and Customer Account Services
- Information Technology
- Human Resources

Schedule 1 shows the types of services to Po River performed by each Carlyle employee, who charged time to Po River during 2008.

Test Year Affiliate Charges to Po River

During the 12 months ended December 31, 2008, Carlyle charged Po River $684,615 for operating expenses incurred by Carlyle on Po River's behalf.

Po River Public Service Corporation
Services Performed By Carlyle Positions For Po River Water & Sewer Company During 2008

		Corporate Office Personnel								Virginia On-Site Personnel											
		R. Singer	K. Vogel	A. Garcia	D. Maldon -ado	M. Reyes	J. Weber	various	T. Lin	M. Raynor	D. Buckley	K. Keener	J. Richard -son	P. Hilton	J. Shook	A. Null	D. Shook	J. Street	C. White	B. Steele	W. Hughes
Service Category	Service	President	Admin VP	Senior Accnt	IT Director	Control-ler	Chief Op Officer	Recep-tionist	Accnt	Utility Director	Asst to Utility Director	Book-keeper	Laborer	Meter Reader/ Off Asst	Supervisor	Laborer	Laborer	Crew Leader	Laborer	Laborer	Laborer
Executive Management	Board of Directors	X																			
	Executive Committee	X																			
	Legal Coordination		X				X			X											
	Insurance/Risk Management		X		X																
System Operations & Maintenance, & Construction Management	System Planning						X			X											
	System Operation & Maintenance									X	X		X		X	X	X	X	X	X	X
	Leak Detection									X	X			X	X		X	X			X
	Construction									X	X				X			X			
	Testing/Sampling/Compliance									X	X				X						
Customer Relations & Billing	Customer Contact/Order Processing									X	X	X			X						
	Meter Reading												X	X							
	Customer Billing											X									
	Customer Payment Processing							X	X			X									
	Customer Records Maintenance									X		X									
Human Resources	Personnel Administration						X			X											
	Compensation Management						X														
	Benefits Administration				X					X											
Purchasing & Materials Mgmt	Purchasing									X	X				X						
	Inventory Management										X				X						
Accounting	General Ledger Maintenance			X																	
	Monthly Reporting and Analysis			X						X											
	Payroll Accounting					X	X														
	Fixed Asset Accounting			X		X															
	Inventory Accounting					X				X											
	Accounts Payable					X	X		X												
	Accounts Receivable					X				X											
	Tax Accounting, Reporting & Compliance			X			X														
Information Systems	Financial System SW/HW Support				X																
	Other IT infrastructure Maintenance				X																
Financial Management	O&M & Capital Budgeting		X			X	X			X											
	Cashflow and Financial Planning		X			X	X														

III – Market Cost Comparison for Affiliate Charges

Cost Comparison Methodology

Carlyle's charges to Po River were tested to determine if they were priced at the lower of cost or market. This was accomplished by comparing the cost per hour for Carlyle management, professional, operating and maintenance-related services to those of outside providers to whom this work could be outsourced. Based on the nature of the Carlyle services, it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management and human resources services
- Certified Public Accountants – accounting, information technology and rates/regulatory services
- Professional Engineers – operations, engineering, construction management
- Labor Contractors – operating and maintenance services

Carlyle's hourly rates were calculated for each service provider category, based on the dollars and hours charged to Po River during 2008. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

The last step in the market cost comparison was to compare Carlyle's average hourly costs to the average cost per hour for outside providers.

Carlyle Hourly Rates

Schedule 2 shows an analysis of Carlyle's 2008 charges to Po River. The total of $684,616 is broken down by account and designated as included or excluded from the market cost study. Accounts excluded from the study were for the following reasons:

- Professional Fees – These are expenditures on outside accounting, legal and engineering service providers. The associated work performed by these providers is already, in effect, out-sourced. Thus, they are not a cost of the services that Carlyle provides to Po River.
- System O&M/A&G Expenses – These are non-labor expenses associated with the operations and maintenance and administration of the water and sewer system and not with the provision of labor-related services from Carlyle. Carlyle's labor-related O&M expenses are included in this study.

Based on the analysis in Schedule 2, $409,642 in 2008 Carlyle charges to Po River was determined to be market testable.

Schedule 2

Po River Public Service Corporation
Analysis of 2008 Charges from Carlyle by Account

Account Number and Description	2008 Total Charges	Categorization		
			Excluded From Market Study	
		Include In Market Study	Outside Professional Fees	System O&M/A&G Expenses
4016011 Employee - Payroll	$ 292,752	$ 292,752		
4016012 Employee - Payroll Taxes	$ 24,894	$ 24,894		
4016013 Employee - Payroll 401k	$ 6,256	$ 6,256		
4016014 Employee - Fringe Benefits	$ 34,772	$ 34,772		
4016150 Purchased Power	$ 15,000			$ 15,000
4016180 Chemicals-Water	$ 4,467			$ 4,467
4016190 Chemicals-WWTP	$ 3,958			$ 3,958
4016200 Uniforms & Assessories	$ 2,651			$ 2,651
4016201 Hand Tools	$ 2,611			$ 2,611
4016202 RM - Ejector Lift Station	$ 13,989			$ 13,989
4016204 RM - Wet Well, Manhole	$ 305			$ 305
4016207 RM - Sewer Disposal Plant	$ 130			$ 130
4016208 RM - Water Wells & Pump	$ 4,182			$ 4,182
4016211 RM - Water Tanks & Well	$ 100			$ 100
4016212 RM - 3/4" Water Services	$ 4,767			$ 4,767
4016214 RM - Water Mains & Fitting	$ 39			$ 39
4016216 RM - Meters	$ 953			$ 953
4016217 RM - Testing Equipment	$ 2,052			$ 2,052
4016218 RM - Other (Roads & Stones)	$ 3,060			$ 3,060
4016220 RM - Water Lab	$ 295			$ 295
4016221 RM - Waste Treatment Lab	$ 2,840			$ 2,840
4016230 RM - Water Supplies	$ 2,521			$ 2,521
4016301 Prof - Accounting Fees	$ -		$ -	
4016302 Prof - Consulting Fees	$ 6,421		$ 6,421	
4016303 Prof - Legal Fees	$ 17,227		$ 17,227	
4016305 Prof - Engineer Fees	$ 4,775		$ 4,775	
4016307 Inspect Water System	$ 5,785			$ 5,785
4016308 Inspect Sewer System	$ 5,785			$ 5,785
4016500 Signs	$ 269			$ 269
4016502 RM - Vehicles	$ 3,857			$ 3,857
4016503 Transportation	$ 16,667			$ 16,667
4016540 Equipment Rental	$ 29,752			$ 29,752
4016545 Truck Rental	$ 16,739			$ 16,739
4016551 Property & Liability Insurance	$ 14,965			$ 14,965
4016551 Property & Liability Ins.-Auto	$ 8,074			$ 8,074
4016552 Workers Comp Insurance	$ 4,059	$ 4,059		
4016653 Comm Related Legal	$ -			$ -
4016752 Communication - Local	$ 1,106			$ 1,106
4016753 Communication - LD	$ 4,717			$ 4,717
4016754 Office Supplies	$ 15,940	$ 15,940		
4016755 Statement & Envelopes	$ 2,396			$ 2,396
4016756 Travel & Moving	$ 1,191			$ 1,191
4016757 Meals	$ 2,381			$ 2,381
4016759 Postage & Shipping	$ 8,538	$ 8,538		
4016761 Bank Service Charges	$ 427			$ 427
4016762 Computer Expenses	$ 7,735	$ 7,735		
4030000 Depreciation Expense	$ 53,742			$ 53,742
4081000 Taxes - License & Permit	$ 1,326			$ 1,326
4082000 Taxes - Gross Receipts	$ 8,862			$ 8,862
4083000 Taxes - Personal Property	$ 1,520			$ 1,520
4085000 Taxes - Real Estate	$ 3,070			$ 3,070
6210000 Rent Expense	$ 14,358	$ 14,358		
7052000 Hiring Expense	$ 337	$ 337		
Total 2008 Expenses Charged to Po River	$ 684,616	$ 409,642	$ 28,424	$ 246,551

Carlyle Hourly Rates (cont.)

Next, Carlyle's expenses and labor hours in account 4016011-Employee Payroll were assigned to the outside service provider to whom the work of the associated Carlyle employees could be outsourced. Schedule 3 shows the results of this analysis. It should be noted that $2,800 of payroll expenses are charges for a receptionist in Los Angeles who processes Po River-related mail, vendor invoices and customer payments. Outside providers generally recover the cost of such personnel in the hourly rates of their professional staff. Thus, in the calculation of Carlyle's hourly rates, the receptionist's charges are treated as an overhead item.

The remaining 2008 testable Carlyle charges—$116,552—are non-payroll expenses. As shown in the table below, these non-payroll expenses are 40.2% of payroll expenses.

Account Number and Description	2008 Includable Expenses	
Non-Payroll Expenses		
4016012 Employee - Payroll Taxes	$ 24,894	
4016013 Employee - Payroll 401k	$ 6,256	
4016014 Employee - Fringe Benefits	$ 34,772	
4016552 Workers Comp Insurance	$ 4,059	
4016754 Office Supplies	$ 15,940	
4016759 Postage & Shipping	$ 8,538	
4016762 Computer Expenses	$ 7,735	
6210000 Rent Expense	$ 14,358	
Total Non-Payroll Expenses	$ 116,552	A
Payroll Expenses		
Salaries to Outside Service Provider Pools	$ 289,952	B
Non-Payroll as a Percent of Payroll Exp (A / B)	**40.2%**	

The final step was to tabulate Carlyle costs and hours and calculate its cost per hour by outside provider category, as shown in the table below.

	Professional				
	Management Consultant	Certified Public Accountant	Professional Engineer	Maintenance Laborer	Total
Payroll					
Professional/Maintenance	$ 27,013	$ 49,157	$ 36,800	$ 176,982	$ 289,952
Support Staff	$ 670	$ 1,218	$ 912		$ 2,800
Total Payroll	$ 27,683	$ 50,375	$ 37,712	$ 176,982	$ 292,752
Non-Payroll Expenses (41%)	$ 10,858	$ 19,760	$ 14,793	$ 71,142	$ 116,552
Net Service Charges (A)	$ 38,541	$ 70,135	$ 52,505	$ 248,124	$ 409,304
Total Hours (B)	444	1,290	720	10,728	13,182
Average Hourly Rate (A / B)	**$ 87**	**$ 54**	**$ 73**	**$ 23**	

Schedule 3

Po River Public Service Corporation
Assignment of Carlyle Payroll Expenses and Labor Hours To Outside Provider Categories

		Assignment of Payroll to Outside Providers						
		Professional						
Position Type	Total Includable Payroll	Management Consultant	Certified Public Accountant	Professional Engineer	Maintenance Laborer	Total	Professional Support Overhead	Total Payroll
On-Site								
Engineer	$ 36,800			$ 36,800		$ 36,800		$ 36,800
Laborer	$ 176,982				$ 176,982	$ 176,982		$ 176,982
Corp Headquarters								
Executive	$ 27,013	$ 27,013				$ 27,013		$ 27,013
Accountant	$ 40,828		$ 40,828			$ 40,828		$ 40,828
IT Director	$ 8,329		$ 8,329			$ 8,329		$ 8,329
Support Staff	$ 2,800						$ 2,800	$ 2,800
Total	**$ 292,752**	$ 27,013	$ 49,157	$ 36,800	$ 176,982	**$ 289,952**	$ 2,800	**$ 292,752**

		Assignment of Hours to Outside Providers				
		Professional				
Position Type	Total Includable Hours	Management Consultant	Certified Public Accountant	Professional Engineer	Maintenance Laborer	Total
On-Site						
Engineer	720			720		720
Laborer	10,728				10,728	10,728
Corp Headquarters						
Executive	444	444				444
Accountant	1,147		1,147			1,147
IT Director	143		143			143
Total	**13,182**	444	1,290	720	10,728	**13,182**

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for outside service providers. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Management Consultants

The cost per hour for management consultants was developed from the 2008 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 4, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2006 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The survey includes rates that were in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of the 12 months ended December 31, 2008.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2008 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 5. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of the 12 months ended December 31, 2008.

Professional Engineer

The association for professional civil engineers, the American Society of Civil Engineers, does not survey its members' billing rates. Neither does the National Society of Professional Engineers, the association for the entire engineering profession. Thus, professional engineer hourly rates were developed from a previous study conducted by Baryenbruch & Company, LLC for a Virginia utility. As shown in Schedule 6, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Po River Public Service Corporation
2008 Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 181	$ 236	$ 286	$ 333

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$181	$236	$286	$333	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 54	$ 47	$ 29	$ 33	**$ 206**

Escalation to Midpoint of December 31, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For Management Consultants At June 30, 2008	**$ 214**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2008 Edition," Association of Management Consulting Firms
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Po River Public Service Corporation
2008 Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 80	$ 107	$ 138	$ 165	
Percent of Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 28	$ 33	**$ 117**

Escalation to Midpoint of June 30, 2008 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For CPAs At June 30, 2008	**$ 122**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Po River Public Service Corporation
Billing Rates Of Virginia Professional Engineers

Note: Billing rates were those in effect in 2008

A. Calculation of Average Hourly Rate by Engineer Position

Firm Number	Average Hourly Billing Rates Engineer Design Engineer Project Engineer	 Project Manager Sr. Mgr. Engineer	 Officer Principal Engineer
Firm #1	$85	$136	$175
Firm #2	$84	$134	$164
Firm #3	$102	$162	$207
Firm #4	$80	$127	$162
Firm #5	$73	$112	$160
Firm #6	$86	$139	$190
Firm #7	$98	$132	$146
Firm #8	$92	$138	$189
Firm #9	$77	$110	$135

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Engineer Design Engineer Project Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (from above)	$86	$132	$170	
Percent of Engineering Assignment	50%	25%	25%	Weighted Average
	$43	$33	$42	**$119**

Source: Baryenbruch & Company, LLC data

Outside Service Provider Hourly Rates (cont.)

Maintenance Labor

Hourly billing rates for maintenance contractors are not widely available to the public. Baryenbruch & Company, LLC was able to locate the rate schedule for one Virginia labor contractor. The 2008 hourly rates for maintenance/laborer positions from Kaseman, LLC's temporary services GSA contract are shown in the table below. Based on these billing rates, an average of $35/hour is used as the outside provider rate for maintenance laborers.

Position	Hourly Billing Rates
Laborer	$22.20
Maintenance I	$30.86
General Maintenance Worker	$33.85
Maintenance II	$39.83
Maintenance III	$46.87
Average Hourly Rate	**$34.72**

Source: Kaseman, LLC (Chantilly, Virginia)

Cost Comparison – Carlyle versus Outside Providers

As shown in the table below, Carlyle's costs per hour are considerably lower than those of outside providers during 2008.

	2008		
Service Provider	Carlyle	Outside Provider	Difference--Carlyle Greater(Less) Than Outside
Professional			
Management Consultant	$ 87	$ 214	$ (127)
Certified Public Accountant	$ 54	$ 122	$ (68)
Professional Engineer	$ 73	$ 119	$ (46)
Maintenance			
Laborer	$ 23	$ 35	$ (12)

Based on these cost per hour differentials and the number of hours billed to Po River, outside service providers would have charged $304,000 more than Carlyle personnel during 2008 (see table below). This is 74% greater than Carlyle's cost of providing services to Po River during 2008 ($304,252 / $409,642).

Cost Comparison – Carlyle versus Outside Providers (cont.)

	2008		
Service Provider	Hourly Rate Difference-- Carlyle Greater(Less) Than Outside	Carlyle Hours Charged	Dollar Difference
Professional			
Management Consultant	$ (127)	444	$ (56,475)
Certified Public Accountant	$ (68)	1,290	$ (87,245)
Professional Engineer	$ (46)	720	$ (33,175)
Maintenance			
Laborer	$ (12)	10,728	$ (127,356)
Carlyle Less Than Outside Providers			**$ (304,252)**

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

IN RE: PO RIVER WATER AND SEWER

PO RIVER WATER AND SEWER	**)**
COMPANY'S PROPOSED REVISED	**) CASE NO. PUE-2009-00136**
RATES, RULES, AND REGULATIONS	**)**

DIRECT TESTIMONY OF

PATRICK L. BARYENBRUCH

ON BEHALF OF

PO RIVER WATER AND SEWER COMPANY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh and a Masters in Business Administration degree from the University of Michigan.

I am a financial consultant and a certified public accountant. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been

responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), and Pacific Gas & Electric Company.

My firm performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. PLEASE DESCRIBE THE REASON FOR YOUR TESTIMONY IN THIS CASE.

A. I am presenting the results of my study which evaluated the services provided by The Carlyle Group ("Carlyle") during 2008 to Po River Water and Sewer Company ("Po River"). This study was undertaken in conjunction with Po Rivers' rate case and is true to the best of my knowledge and belief. The study is attached

as Exhibit PLB-1.

Q. WHAT WAS THE OBJECTIVE OF YOUR STUDY?

A. This study was undertaken to determine if Po River was charged the lower of cost or market for managerial and professional services provided by Carlyle during 2008.

Q. WHAT CONCLUSION WERE YOU ABLE TO DRAW CONCERNING AS TO WHETHER PO RIVER WAS CHARGED THE LOWER OF COST OR MARKET SERVICES PROVIDED BY CARLYLE?

A. I was able to draw the following conclusions:

(1) Po River was charged the lower of cost or market for managerial, professional, and operations and maintenance services during the 12-months ended December 31, 2008.

(2) On average, the hourly rates for outside service providers are 74% greater than the Po Rivers' hourly rates.

(3) If all the managerial, professional, and operations and maintenance services now provided by Carlyle had been out-sourced during the 12 months ended December 31, 2008, Po River and its ratepayers would have incurred an **additional $304,200** in expenses.

(4) Carlyle charges do not include any profit markup. Only the Carlyle's actual cost of service is being recovered from Po River ratepayers.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

Market Cost Comparison of Affiliate Company Charges To Roanoke Gas Company

12 Months Ended September 30, 2006

Baryenbruch & Company, LLC

Roanoke Gas Company
Market Cost Comparison of Affiliate Company Charges
12 Months Ended September 30, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to determine if the services provided by Resources Resources, Inc. (Resources) to Roanoke Gas Company (Roanoke Gas) during the 12 months ended September 30, 2006 (Roanoke Gas' fiscal year) were priced at the lower of cost or market.

Study Results

The following conclusions can be drawn from this study:

- Roanoke Gas was charged the lower of cost or market for managerial and professional services during the 12 months ended September 30, 2006.

- On average, the hourly rates for outside service providers are approximately **56% higher** than the Resources' hourly rates.

- If all the managerial and professional services now provided by Resources had been out-sourced during the 12 months ended September 30, 2006, Roanoke Gas and its ratepayers would have incurred an **additional $1.6 million** in expenses.

II - Background

Overview of Principal Resources Entities

Resources is a holding company engaged in the sale and distribution of natural gas. Its principal operating subsidiaries are the following:

- Roanoke Gas – regulated gas distribution company operating in Virginia
- Bluefield Gas – regulated gas distribution company operating in Virginia and West Virginia
- RGC Ventures – unregulated affiliate that provides information technology services to non-affiliate utilities.

Affiliate transactions regularly occur among Resources, Roanoke Gas and Bluefield Gas. No affiliate transactions took place between RGC Ventures and Roanoke Gas during the 12-months ended September 30, 2006.

Total number of employees for these entities is shown below.

	As of 9/30/06
Resouces	23
Roanoke Gas	102
Bluefield Gas	11
	136

During the 12 months ended September 30, 2006, the following affiliate transactions took place among the principal operating affiliates.

	12 Months Ended 9/30/06
Charges To Roanoke Gas From:	
Resouces	$ 2,931,442
Bluefield Gas	$ 3,006,280
Total Affiliate Charges to Roanoke Gas	**$ 5,937,722**
Charges From Roanoke Gas To:	
Resouces	$ 314,140
Bluefield Gas	$ 187,491
Diversified Energy (A)	$ 121,883
Total Roanoke Gas Charges to Affiliates	**$ 623,514**

Note A: All of the companies in Diversified Energy were sold in mid-2006. At the time of this study, Roanoke Gas did not carry out transactions with this affiliate.

Affiliate Agreement

On May 1, 2006, Resources and Roanoke Gas entered into a services agreement, which was approved by the Virginia State Corporation Commission in an order dated June 20, 2006. The agreement describes the services that Resources will provide to Roanoke Gas and specifies how expenses/costs incurred by one affiliate on behalf of another will be assigned. The agreement describes the allocation methods for those expenses/costs that cannot be charged directly from one affiliate to another.

Resources Charges to Roanoke Gas

Resources provides Roanoke Gas with the following management and professional services:

- Executive management
- Legal
- Accounting
- Rates/Regulatory
- Human Resources

Bluefield Gas Charges to Roanoke Gas

These charges consist of expenses associated with the Bluefield division of Roanoke Gas. This division is adjacent to Bluefield Gas' West Virginia service territory, thus Bluefield Gas manages the division. In order to get the Bluefield division-related expenses into the Virginia jurisdiction, Bluefield Gas charges Roanoke Gas.

Roanoke Gas Charges to Resources

Roanoke Gas' charges to Resources represent the parent's prorata share of the cost of the following Roanoke Gas assets:

- Office Facilities – Roanoke Gas allocates to Resources its share of the expenses for the corporate office building at 519 Kimball Avenue in Roanoke. This allocation is based upon square footage occupied.
- Computer Hardware – Roanoke Gas owns the corporate mainframe computer and network system. Resources is charged for its share of the expense associated with this IT equipment based upon storage disk utilization.

- Financial System Software – Roanoke Gas owns the corporate financial systems, including general ledger, accounts payable, budgeting, accounts receivable, payroll, human resources and fixed assets. Resources is charged with the entire expense of the financial system software.

During fiscal 2006, Roanoke Gas did not provide services to Resources.

Roanoke Gas Charges to Bluefield Gas

Charges from Roanoke Gas to Bluefield are associated with shared customer service and operations, associated labor overheads, management fees from officers and senior staff, and department-related expenses associated with customer service, sales, operations and gas control.

Roanoke Gas Charges to Diversified Energy

The vast majority of charges from Roanoke Gas to Diversified Energy were for shared corporate expenses, such as corporate office building space and governance. A small amount of charges were for billing services performed for Diversified Energy. Diversified Energy provided non-regulated gas marketing services to a few large interruptible customers of Roanoke Gas. Roanoke Gas prepared Diversified Energy's monthly bills to these customers. On August 1, 2006, Diversified Energy's operations were sold to Atmos Energy. Since then, Diversified Energy has been inactive and no transactions have occurred between them and Roanoke Gas.

When preparing bills for Diversified Energy customers, Roanoke Gas employees direct charged their time to Diversified Energy. These hours were then billed to Diversified Energy at cost (rather than the higher of cost or market) because Roanoke Gas could not locate a local outside service provider that could perform the same service.

Roanoke Gas Company
Analysis of 12 Months Ended September 30, 2006 Resources Charges

Affiliate Charges to Roanoke Gas

Item	Description	Amount	Market Testable?	Comments
From Resources				
Labor from Resources	Staff salaries	$ 838,924	Yes	Professional service-related
Management Fee from Resources	Executive and senior manager salaries	$ 669,337	Yes	Professional service-related
Overhead Allocation	Benefits and payroll taxes on salaries	$ 682,610	Yes	Professional service-related
Department Allocations	Office occupany expenses and supplies	$ 339,377	Yes	Professional service-related
Non-Departmental Allocations:				
Sales Expenses		$ 5,595	No	Shared expense; not a service
Professional Services		$ 113,904	No	Shared expense; not a service
Directors' Fees		$ 151,783	No	Shared expense; not a service
Annual Report, Registrar Expenses		$ 129,831	No	Shared expense; not a service
Country Club, Lobbying		$ 3,391	No	Shared expense; not a service
Interest Income		$ (8,696)	No	Shared expense; not a service
Interest Expense		$ 5,386	No	Shared expense; not a service
	Total From RGC Resources	$ 2,931,442		
From Bluefield Gas				
Labor from BGC	Staff salaries	$ 23,626	No	Shared expense; not a service
Overhead from BGC	Benefits and payroll taxes on salaries	$ 19,651	No	Shared expense; not a service
Expense Allocation from CPS	Office expenses and supplies	$ 507,122	No	Shared expense; not a service
Gas Purchases (CPSC)	Gas commodity costs	$ 2,455,881	No	Shared expense; not a service
	Total From Bluefield Gas	$ 3,006,280		
	Total Affiliate Company Charges To Roanoke Gas	**$ 5,937,722**		

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Roanoke Gas Company
Analysis of 12 Months Ended September 30, 2006 Resources Charges

Roanoke Gas Charges to Affiliates

Item	Description	Amount	Market Testable?	Comments
To Resources				
Facilities Allocation	Corporate office	$ 174,790	No	Shared expense; not a service
AS/400 Allocation	Corporate mainframe computer	$ 16,910	No	Shared expense; not a service
Network Allocation	Corporate network hardware	$ 30,144	No	Shared expense; not a service
Financial System Allocation	Financial system maintenance fees	$ 32,214	No	Shared expense; not a service
Software Support Allocation	Financial system support expenses	$ 20,000	No	Shared expense; not a service
Equipment Allocation	Accounting equipment expenses	$ 40,083	No	Shared expense; not a service
	Total To Resources	$ 314,141		
To Bluefield Gas				
Labor to BGC	Staff salaries	$ 44,994	No	Shared expense; not a service
Overhead to BGC	Benefits and payroll taxes on salaries	$ 26,623	No	Shared expense; not a service
Management Fees	Executive and senior manager salaries	$ 33,403	No	Shared expense; not a service
Department Allocations	Office occupany expenses and supplies	$ 82,471	No	Shared expense; not a service
	Total To Bluefield Gas	$ 187,491		
To Diversified Energy				
Labor to DE	Staff salaries	$ 60,400	No/Yes	Primarily shared expense; some
Overhead to DE	Benefits and payroll taxes on salaries	$ 35,739	No/Yes	of bill preparation services
Management Fees	Executive and senior manager salaries	$ 7,608	No	Shared expense; not a service
Department Allocations	Office occupany expenses and supplies	$ 17,788	No	Shared expense; not a service
	Total To Diversified Energy	$ 121,535		
	Total Roanoke Gas Charges To Affiliate Companies	**$ 501,632**		

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III – Resources Services To Roanoke Gas Cost Comparison

Cost Comparison Methodology

The lower-of-cost-or-market comparison is accomplished by comparing the cost per hour for Resources managerial and professional services to those of outside service providers to whom these duties could be assigned. Based on the nature of the Resources services, it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management and human resources services
- Certified Public Accountants – accounting, information technology and rates/regulatory services

Resources' hourly rate was calculated for each service provider category, based on the dollars and hours charged to Roanoke Gas during the 12 months ended September 30, 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

The last step in the market cost comparison was to compare Resources' average cost per hour to the average cost per hour for outside providers.

Resources Hourly Rates

Schedule 2 (page 8) details the assignment of 12-months ended September 30, 2006 management and professional Resources charges and hours to outsider provider categories.

Based on the assignment of expenses and hours shown in Schedule 1, Resources' equivalent costs per hour for the 12 months ended September 30, 2006 are calculated below.

	Management Consultant	Certified Public Accountant	Total
Management/Professional Charges	$ 843,650	$ 1,515,239	$ 2,358,889
Support Expenses (A)	$ 61,286	$ 110,073	$ 171,359
Total RGC Charges to Roanoke Gas	$ 904,936	$ 1,625,312	$ 2,530,248
Total Hours	6,362	25,867	32,229
Average Hourly Rate	**$ 142**	**$ 63**	

Note A: This represents charges associated with administrative assistants, whose expense is allocated prorata to the outside provider categories.

Schedule 2

Roanoke Gas Company
Assignment of Resources Charges To Outside Provider Categories

	12-Months Ended September 30, 2006 Resources Charges			
	Management Consultant	Certified Public Accountant	Support Expenses	Total
Labor From Resources				
Accounting		$ 319,687		$ 319,687
Human Resources	$ 68,920			$ 68,920
Information Systems		$ 344,364		$ 344,364
Administrative Assistants			$ 105,952	$ 105,952
Total Labor From Resources				$ 838,924
Mgmt Fee From Resources				
Executives	$ 345,413			$ 345,413
Human Resources	$ 103,317			$ 103,317
Information Systems		$ 108,268		$ 108,268
Rates/Regulatory		$ 112,339		$ 112,339
Total Mgmt Fee From Resources				$ 669,337
Overhead Allocation				
Executives	$ 157,000			$ 157,000
Accounting		$ 143,348		$ 143,348
Human Resources	$ 81,913			$ 81,913
Information Systems		$ 204,783		$ 204,783
Rates/Regulatory		$ 47,783		$ 47,783
Administrative Assistants			$ 47,783	$ 47,783
Total Overhead Allocation				$ 682,610
Department Allocations				
Executives	$ 51,834			$ 51,834
Accounting		$ 122,233		$ 122,233
Human Resources	$ 35,253			$ 35,253
Information Systems		$ 102,051		$ 102,051
Rates/Regulatory		$ 10,382		$ 10,382
Administrative Assistants			$ 17,624	$ 17,624
Total Department Allocations				$ 339,377
Total Charges	**$ 843,650**	**$ 1,515,239**	**$ 171,359**	**$ 2,530,248**

	12-Months Ended September 30, 2006 Resources Hours		
	Management Consultant	Certified Public Accountant	Total
Labor From Resources			
Accounting		13,113	13,113
Human Resources	3,470		3,470
Information Systems		9,984	9,984
Total Labor From Resources			26,567
Mgmt Fee From Resources			
Executives	1,042		1,042
Human Resources	1,850		1,850
Information Systems		1,481	1,481
Rates/Regulatory		1,289	1,289
Total Mgmt Fee From Resources			5,662
Total Hours	**6,362**	**25,867**	**32,229**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 2, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. The 2005 average rate was escalated to March 31, 2006—the midpoint of 12 months ended September 30, 2006.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 3. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005, thus they had to be escalated to March 31, 2006—the midpoint of 12 months ended September 30, 2006.

Roanoke Gas Company
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Escalation to Test Year Mid-Point December 31, 2005 (Note B)

CPI at December 31, 2005	196.8
CPI at March 31, 2006	199.8
Inflation/Escalation	3.0%
Estimated Average Hourly Billing Rate For Consultants At March 31, 2006	**$ 218**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms
Note B: source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Roanoke Gas Company
Estimated Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 70	$ 87	$ 125	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 70	$ 87	$ 125	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 26	$ 25	$ 32	**$ 104**

CPI at December 31, 2005	196.8
CPI at March 31, 2006	199.8
Inflation/Escalation	3.0%
Estimated Average Hourly Billing Rate For Virginia CPAs At March 31, 2006	**$ 107**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey
Note B: Source is US Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Resources – Outside Provider Cost Comparison

As shown in the table below, Resources costs per hour are considerably lower than those of outside providers.

	12 Months Ended September 30, 2006		
Service Provider	Resources	Outside Provider	Difference--Resources Greater(Less) Than Outside
Management Consultant	$ 142	$ 218	$ (76)
Certified Public Accountant	$ 63	$ 107	$ (44)

Based on these cost per hour differentials and the number of managerial and professional services hours billed to Roanoke Gas during the 12 months ended September 30, 2006, outside service providers would have cost $1.6 million more than Resources (see table below). Thus, on average, outside provider's hourly rates are approximately 56% higher than those of Resources ($1,630,023 / $2,931,442).

	12 Months Ended September 30, 2006		
Service Provider	Hourly Rate Difference--Resources Greater(Less) Than Outside	Resources Hours Charged	Dollar Difference
Management Consultant	$ (76)	6,362	$ (482,632)
Certified Public Accountant	$ (44)	25,867	$ (1,147,390)
Resources Less Than Outside Providers			$ (1,630,023)

Governance Practices Associated With Resources Charges

Roanoke Gas' board of directors reviews the quality of services provided by Resources and is responsible for making changes in those services, if necessary. Given the size of Resources and Roanoke Gas, it would quickly be apparent to Roanoke Gas's board of directors if Resources' service levels were inadequate.

IV – Roanoke Gas Services to Diversified Energy Cost Comparison

Roanoke Gas charged Diversified Energy, a subsidiary of Diversified Energy approximately $3,100 for the preparation of bills for Diversified Energy customers. Diversified Energy was billed Roanoke Gas' actual cost for this service. An analysis of these charges is shown below.

	Number of Bills		Roanoke Gas Cost		
			Labor		Total
Month	Prepared	Hours	Dollars	Overheads	Charges
Oct 05	22	1.9	$ 45	$ 37	$ 83
Nov 05	20	1.8	$ 41	$ 34	$ 76
Dec 05	18	12.4	$ 212	$ 175	$ 387
Jan 06	21	7.3	$ 112	$ 93	$ 205
Feb 06	21	12.4	$ 234	$ 193	$ 428
Mar 06	21	14.2	$ 231	$ 190	$ 421
Apr 06	21	12.2	$ 226	$ 186	$ 412
May 06	21	13.7	$ 225	$ 186	$ 411
Jun 06	21	10.8	$ 193	$ 159	$ 352
Jul 06	20	9.3	$ 169	$ 139	$ 308
Aug 06		-	$ -	$ -	$ -
Sep 06		-	$ -	$ -	$ -
	Total	96.1	$ 1,689	$ 1,393	$ 3,083

The "market" rate for this work is calculated below and based on the average rate for Virginia CPA.

Market for Highland Energy Billing Services	
Average Hourly Rate - Virginia CPAs	$ 107
Hours Charged	96.1
Total Market Charges	$ 10,281

According to asymmetric pricing rules, Diversified Energy should have been charged the higher of cost or market, which would have resulted in an additional $7,200 of charges during fiscal 2006. However, there are several reasons why this is not a concern:

- Roanoke Gas no longer performs this service for Diversified Energy because its operations have been sold. Thus, there will be no such billings in the future.

- The difference between cost and market is not significant compared to total affiliate charges or total Roanoke Gas customers.

Virginia Electric and Power Company

Market Cost Comparison for Charges from Dominion Resources Services, Inc. and Other Affiliates during the Year Ended December 31, 2008

Baryenbruch & Company, LLC

Virginia Electric and Power Company
Market Cost Comparison for Charges from
Dominion Resources Services, Inc. and Other Affiliates
during the Year Ended December 31, 2008

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I – Introduction

Purpose of This Study

This study was undertaken to determine the reasonableness of Virginia Electric and Power Company's ("Dominion Virginia Power" or the "Company") charges from Dominion Resources Services, Inc. ("DRS") and other affiliates for services provided during 2008. Reasonableness was determined by answering the following four questions:

1. Are service-related affiliate charges to Dominion Virginia Power reasonable compared to other utility service companies?

2. Did affiliates provide services to Dominion Virginia Power at the lower of cost or market during 2008?

3. Is the cost of DRS' customer accounts services comparable to those of other utilities?

4. Are DRS' cost allocation methods reasonable?

Study Results

Concerning question 1, the following conclusions were reached:

- DRS and other affiliates provide Dominion Virginia Power with services similar to those provided by other utility service companies.

- DRS' cost per Dominion Virginia Power customer is reasonable and favorable as compared to the cost per customer for similar utility service companies. Dominion Virginia Power was charged an average of $145 per customer by DRS, approximately 16% lower than an average of $172 per customer for comparison group service companies. This determination was based on service company information included in Form 60, which must be annually filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies. The comparison is based on data from 2007, the latest year for which Form 60 information is currently available.

Concerning question 2, the following conclusions were reached:

- Affiliate services were provided to Dominion Virginia Power during 2008 at the lower of cost or market.

- On average, the hourly rates for outside service providers are 55% higher than comparable hourly rates charged by Dominion Virginia Power's affiliates.

- If all of the managerial and professional services now provided by its affiliates had been outsourced in 2008, Dominion Virginia Power and its customers would have incurred $167 million in additional expenses.

- Affiliates' charges do not include any profit markup. Only the actual cost of the service provided is being charged and proposed for recovery from Dominion Virginia Power customers.

Concerning question 3, cost of DRS' customer accounts services is well below the average of the neighboring electric utility comparison group. During 2007, Dominion Virginia Power's customer

accounts cost per customers was $19.52, or more than 32% below the comparison group's 2007 average of $28.93.

Regarding question 4, DRS' methods for allocating expenses to affiliates such as Dominion Virginia Power are both reasonable and related to the causation of the allocated expenses. For each of over 290 DRS cost centers that charged Dominion Virginia Power during 2008, the services of those cost centers were found to be necessary for a utility like Dominion Virginia Power to operate. The cost allocation methods employed during 2008 are in accordance with the current DRS Services Agreement dated January 1, 2003, which has been approved by the Virginia State Corporation Commission ("Commission").

Other important factors were noted that evidence the care with which DRS expenses are assigned to affiliates such as Dominion Virginia Power. These include the following:

- Governance Practices Associated With DRS Charges – Several management practices are in place to ensure that DRS' charges to Dominion Virginia Power are appropriate. These include DRS' budgeting and variance analysis processes, and the scrutiny given to DRS' monthly bill by Dominion Virginia Power personnel.

- Cost Allocation Manual – DRS maintains an Accounting Policy and Cost Allocation Manual (CAM) that documents the process by which it assigns costs to affiliate customers. Baryenbruch & Company, LLC's review of the CAM found it to be a comprehensive reference document that provides thorough directions to DRS personnel responsible for assigning expenses to Dominion Virginia Power. DRS' cost allocation methodologies comply with governing requirements in the CAM.

Overview of Dominion Resources, Inc.

Dominion Resources, Inc. ("DRI") is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,500 megawatts of generation; 1.2 trillion cubic feet equivalent of proved natural gas and oil reserves; 14,000 miles of natural gas transmission, gathering, and storage pipeline; and 6,000 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage facility with 975 billion cubic feet of storage capacity, and serves retail energy customers in 12 states.

DRI is organized into three operating business segments and one corporate/non-operating segment, as described below.

Segment	Business Lines
Dominion Virginia Power – operates regulated electric distribution and transmission facilities in most of Virginia and northeastern North Carolina and provides electric service to nearly 2.4 million customers in the two-state area	• Electric Transmission • Electric Distribution • Energy and Related Products and Services in Competitive Retail Markets
Dominion Generation – operates DRI's fleet of regulated and merchant power plants	• Utility Power Production • Merchant Power Production
Dominion Energy – operates regulated natural gas distribution, transmission, and storage businesses, included regulated liquefied natural gas (LNG) operations; also operates DRI's Appalachian-based natural gas and oil exploration business and producer services	• Natural Gas Transmission • Natural Gas Distribution • Natural Gas Storage • Gas and Oil Exploration and Production; Production Services
Corporate – Various other businesses not related to the above three major segments	

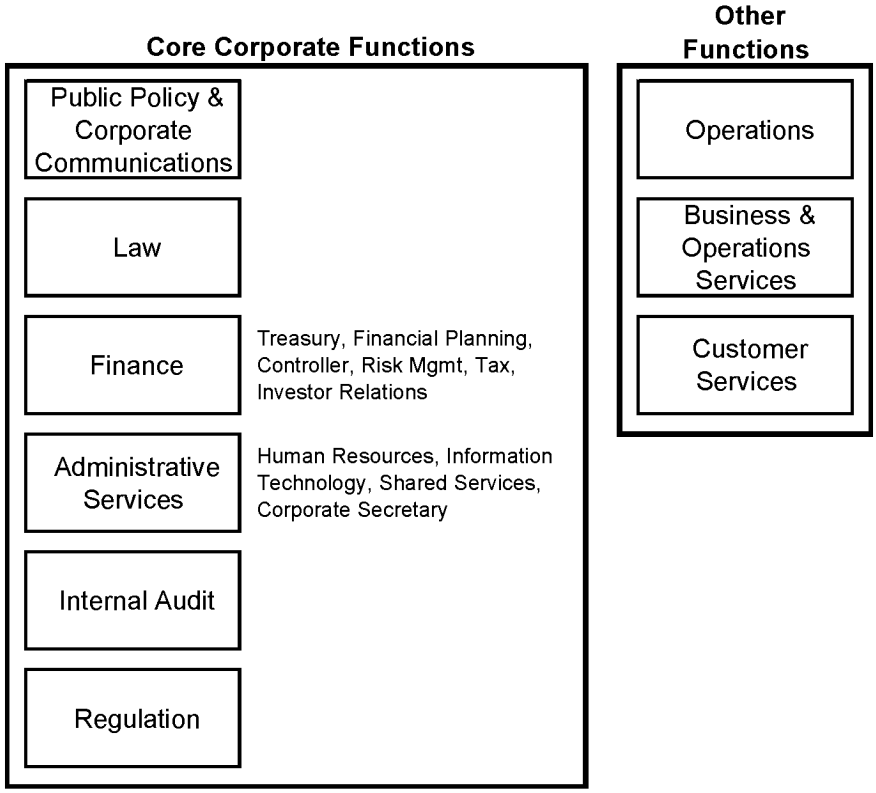
Source: Dominion 2007 Annual Report; 4Q08 Earnings Release Kit

Overview of Affiliates Providing Services to Dominion Virginia Power

During 2008, Dominion Virginia Power was billed approximately $397 million for services provided by affiliates. As shown in the table below, the large majority of these services came from DRS.

Affiliate	2008 Service-Related Charges
Dominion Resources Services, Inc.	$ 350,456,982
Dominion Energy Inc.	$ 2,230,822
Dominion Energy Kewaunee Inc.	$ 76,003
Dominion Nuclear Connecticut Inc.	$ 353,077
Dominion Technical Solutions, Inc.	$ 37,220,958
Dominion Transmission Inc.	$ 737,386
VP Energy Marketing Inc.	$ 5,369,631
East Ohio Gas Company	$ 418,769
Total Affiliate Charges	**$ 396,863,627**

DRS was incorporated on October 14, 1999 to provide affiliate companies with the services described in Exhibit 1. Exhibit 2 lists the affiliate entities served by DRS. DRS is organized into the following major functional groups. As of December 31, 2008, DRS had 3,285 employees.



DRS is defined as a "centralized service company" and is regulated by FERC. The current Services Agreement between DRS and Dominion Virginia Power is dated January 1, 2003 and designates that DRS provide services at cost. The Commission approved the current Services Agreement in an order dated December 29, 1999 and required that DRS provide services to Dominion Virginia Power at the lower of cost or market. DRS has followed the Commission's lower of cost or market guideline.

Occasionally, DRS receives services from other DRI affiliates. Dominion Virginia Power has a services agreement with DRS dated January 1, 2003, that specifies it will be compensated for those services at cost. However, since the Commission's December 29, 1999 order applies to these transactions, services from other DRI affiliates are also provided at the lower of cost or market.

DRS' Cost Assignment Process

DRS utilizes a work order system (work orders are referred to internally as "projects" or "WBS Elements") by which to accumulate and distribute expenses in a fair and equitable manner to all affiliates that benefit from its services. Time records are maintained for all service company employees to support the costs that are assigned to each affiliate. DRS' costs are assigned in their entirety and no residual profit or loss remains on the books.

Virginia Electric and Power Company
Description of DRS Services

Service	Service Description
Accounting	Provide advice and assistance to Dominion Companies in accounting matters, including the development of accounting practices, procedures and controls, the maintenance of the general ledger and related subsidiary systems, the preparation and analysis of financial reports, and the processing of certain accounts such as accounts payable, accounts receivable and payroll.
Auditing	Periodically audit the accounting records and other records maintained by Dominion Companies and coordinating their examination, where applicable, with that of independent public accountants. The audit staff will report on their examination and submit recommendations, as appropriate, on improving methods of internal control and accounting procedures.
Legal and Regulatory Services	Provide advice and assistance with respect to legal and regulatory issues as well as regulatory compliance, including PUHCA 2005 authorizations and compliance and regulatory matters under other with Federal and State laws.
Information Technology	Provide the organization and resources for the operation of an information technology function including the development, implementation and operation of a centralized data processing facility and the management of a telecommunications network. This function includes the central processing of computerized applications and support of individual applications in Dominion Companies. Develop, implement, and process those computerized applications for Dominion Companies that can be economically best accomplished on a centralized basis.
Software Pooling	Accept from Dominion Companies ownership of and rights to use, assign, license or sublicense all software owned, acquired or developed by or for Dominion Companies which Dominion Companies can and do transfer or assign to it. Preserve and protect the rights to all such software to the extent reasonable and appropriate under the circumstances; license Dominion Companies, on a non-exclusive, no-charge or at-cost basis, to use all software which DRS has the right to sell, license or sub-license; and, at the relevant Dominion Companies' expense, permit Dominion Companies to enhance any such software and license others to use all such software and enhancements to the extent that DRS shall have the legal right to so permit.
Employee Benefits/ Pension Investment	Provide central accounting for employee benefit and pension plans of Dominion Companies. Advise and assist Dominion Companies in the administration of such plans and prepare and maintain records of employee and company accounts under the said plans, together with such statistical data and reports as are pertinent to the plans.
Human Resources	Advise and assist Dominion Companies in the formulation and administration of human resources policies and programs relating to the relevant Dominion Companies' labor relations, personnel administration, training, wage and salary administration and safety.
Operations	Advise and assist Dominion Companies in the study, planning, engineering and construction of energy plant facilities of each Dominion Company and of the Dominion Companies as a whole, and advise, assist and manage the planning, engineering (including maps and records) and construction operations of Dominion Companies. Develop long-range operational programs for all the Dominion Companies and advise and assist each such Dominion Company in the coordination of such programs with the programs of the other Dominion Companies.

Virginia Electric and Power Company
Description of DRS Services

Service	Service Description
Executive and Administrative	Advise and assist Dominion Companies in the solution of major problems and in the formulation and execution of the general plans and policies of Dominion Companies. Advise and assist Dominion Companies as to operations, the issuance of securities, the preparation of filings arising out of or required by the various Federal and State securities, business, public utilities and corporation laws, the selection of executive and administrative personnel, the representation of Dominion Companies before regulatory bodies, proposals for capital expenditures, budgets, financing, acquisition and disposition of properties, expansion of business, rate structures, public relationships and other related matters.
Business and Operations Services	Advise and assist Dominion Companies in all matters relating to operational capacity and the preparation and coordination of operating studies. Manage Dominion Companies' purchase, movement, transfer and accounting of fuel and gas volumes. Compile and communicate information relevant to company operation. Perform general business and operations support services, including business, plant and facilities operation, maintenance and management, travel, aviation, fleet and mail services.
Exploration and Development	Advise and assist Dominion Companies in all geological and exploration matters including the acquisition and surrender of acreage and the development of underground storage facilities. [note: Dominion Virginia Power is not charged for any of these services]
Risk Management	Advise and assist Dominion Companies in securing requisite insurance, in the purchase and administration of all property, casualty and marine insurance, in the settlement of insured claims and in providing risk prevention advice.
Marketing	Plan, formulate and implement marketing programs, as well as provide associated marketing services to assist Dominion Companies with improving customer satisfaction, load retention and shaping, growth of energy sales and deliveries, energy conservation and efficiency. Assist Dominion Companies in carrying out policies and programs for the development of plant locations and of industrial, commercial and wholesale markets and assist with community redevelopment and rehabilitation programs.
Medical	Direct and administer all medical and health activities of Dominion Companies. Provide systems of physical examination for employment and other purposes and direct and administer programs for the prevention of sickness.
Corporate Planning	Advise and assist Dominion Companies in the study and planning of operations, budgets, economic forecasts, capital expenditures and special projects.
Supply Chain	Advise and assist Dominion Companies in the procurement of real and personal property, materials, supplies and services, conduct purchase negotiations, prepare procurement agreements and administer programs of material control.
Rates	Advise and assist Dominion Companies in the analysis of their rate structure in the formulation of rate policies, and in the negotiation of large contracts. Advise and assist Dominion Companies in proceedings before regulatory bodies involving the rates and operations of Dominion Companies and of other competitors where such rates and operations directly or indirectly affect Dominion Companies.

Virginia Electric and Power Company
Description of DRS Services

Service	Service Description
Research	Investigate and conduct research into problems relating to production, utilization, testing, manufacture, transmission, storage and distribution of energy. Keep abreast of and evaluate for Dominion Companies all research developments and programs of significance affecting Dominion Companies and the energy industry, conduct research and development in promising areas and advise and assist in the solution of technical problems arising out of Dominion Companies' operations.
Tax	Advise and assist Dominion Companies in the preparation of Federal and other tax returns, and generally advise Dominion Companies as to any problems involving taxes including the provision of due diligence in connection with acquisitions.
Corporate Secretary	Provide all necessary functions required of a publicly held corporation. Coordinate information and activities among shareholders, the transfer agent, and Board of Directors. Provide direct services to security holders. Prepare and file required annual and interim reports to shareholders and the SEC. Conduct the annual meeting of shareholders and ensuring proper maintenance of corporate records.
Investor Relations	Provide fair and accurate analysis of DRI and its operating subsidiaries and its outlook within the financial community. Enhance Dominion's position in the energy industry. Balance and diversify shareholder investment in Dominion through a wide range of activities. Provide feedback to Dominion and its operating subsidiaries regarding investor concerns, trading and ownerships. Hold periodic analysts meetings, and provide various operating data as requested or required by investors.
Environmental Compliance	Provide consulting, cleanup, and other activities as required by Dominion Companies to ensure full compliance with applicable environmental statutes and regulations.
Customer Service	Provide services and systems dedicated to customer service, including billing, remittance, credit, collections, customer relations, call centers, energy conservation support and metering.
Energy Marketing	Provide services and systems dedicated to energy marketing, including marketing and trading of energy commodities, and energy price risk management and development of marketing and sales programs in physical and financial markets.
Treasury/Finance	Provide services related to managing all administrative activities associated with financing, including management of capital structure; cash, credit and risk management activities; investment and commercial banking relationships; oversight of decommissioning trust funds and general financing activities.
External Affairs	Provide services in support of corporate strategies for managing relationships with federal, state and local governments, agencies and legislative bodies. Formulate and assist with public relations, advertising, and external/internal communications programs and with the administration of corporate contribution and community affairs programs.

Exhibit 2

Virginia Electric and Power Company
Affiliates Served By DRS

Entity Suffix	Entity Description	Legal Segment	Billing Segment
CNGC	CNG Coal Company	DRI	Corporate
CNGF	Dominion Field Services, Inc.	DRI	Energy
CNGIR	CNG Iroquois, Inc.	DRI	Energy
CNGP	Dominion Exploration and Production, Inc.	DRI	Energy
CNGPS	Dominion Products & Services, Inc.	DRI	Dominion Virginia Power
CNGR	Dominion Retail Services Company	DRI	Dominion Virginia Power
CNGT	Dominion Transmission, Inc.	DRI	Energy
DALH	Dominion Alliance Holdings, Inc.	DRI	Dominion Virginia Power
DBRAY	Dominion Energy Brayton Point	DEI	Generation
CDI	Dominion Capital, Inc. (DCI)	DCI	Corporate
DCOVE	Dominion Cove Point LNG, LP	DRI	Energy
DEIBD	DEI Business Development	DEI	Generation
DEK	Dominion Energy Kewaunee	DEI	Generation
DELCO	Dominion Elwood	DEI	Generation
DEMI	Dominion Energy Marketing	DEI	Generation
DENE	Dominion Energy New England	DEI	Generation
DETCI	Dominion Energy Terminal Co.	DEI	Generation
DFAIR	Dominion Fairless	DEI	Generation
DGBR	Dominion Greenbrier, Inc.	DRI	Energy
DGLLC	Dominion Greenbrier Pipeline LLC	DRI	Energy
DKINC	Dominion Kincaid, Inc.	DEI	Generation
DLI	Dominion Lands, Inc.	DLI	Corporate
DMANCH	Dominion Energy Manchester Street, Inc.	DEI	Generation
DMORG	Dominion Cogen WV, Inc. (Morgantown)	DEI	Generation
DNC	Dominion Nuclear Connecticut	DEI	Generation
DNNA	Dominion Nuclear North Anna	DEI	Generation
DOES	Dominion Ohio ES Inc.	DRI	Dominion Virginia Power
DRCT	Dominion Resources Capital Trust	DRI	Corporate
DRI	Dominion Resources, Inc. (Parent Company)	DRI	Corporate
DSALEM	Dominion Energy Salem Harbor	DEI	Generation
DSTATE	Dominion State Line	DEI	Generation
DTECH	Dominion Technical Solutions, Inc.	DRI	Dominion Virginia Power
DTSI	DTSI Dominion Telecom Services, Inc.	DRI	Corporate
EOG	EOG East Ohio Gas Company	DRI	Energy
TIOGA	TIOGA Properties, LLC	DRI	Energy
VPCU	Dominion Credit Union	VP	Corporate
VPCUST	VP Customer Service	VP	Dominion Virginia Power
VPD	VP Distribution	VP	Dominion Virginia Power
VPEM	VP Energy Marketing	VP	Energy
VPEMC	VPEM Corporate Enterprise	VP	Corporate
VPEME	VPEM Energy	VP	Energy
VPEMG	VPEM Generation	VP	Generation
VPES	VP Energy Services	VP	Generation
VPET	VP Electric Transmission	VP	Dominion Virginia Power
VPFOS	VP Fossil & Hydro	VP	Generation
VPM	VP Metering	VP	Dominion Virginia Power
VPNS	VP Nuclear Services (VPNS)	VP	Generation
VPNUC	VP Nuclear	VP	Generation
VPOG	VP Other Generation	VP	Generation
VPP	VP Properties	VP	Generation
VPS	VP Services (VPS)	VP	Generation
VPSE	VP Services Energy (VPSE)	VP	Generation
VPTCAP	Telecom Capital Work (Special)	VP	Corporate
HOPE	Hope Gas, Inc.	DRI	Corporate
PNG	Peoples Natural Gas Company	DRI	Corporate

III - Affiliate Cost Comparison Approach

During the 12 months ended December 31, 2008, Dominion Virginia Power was billed approximately $397 million by affiliates for services provided by affiliates (Dominion Virginia Power was also charged by affiliates for various non-service expenses). These charges were evaluated in connection with this study's four questions, as shown in the table below.

Affiliate	2008 Service-Related Charges	Study Question: 1 - Reasonableness	2 - LCM Pricing	3 - Cust Acct Svcs Benchmarking	4 - Allocation Methods
Dominion Resources Services, Inc.	$ 350,456,982	X	X	X	X
Dominion Energy Inc.	$ 2,230,822	X			
Dominion Energy Kewaunee Inc.	$ 76,003	X			
Dominion Nuclear Connecticut Inc.	$ 353,077	X			
Dominion Technical Solutions Inc.	$ 37,220,958	X	X		
Dominion Transmission Inc.	$ 737,386	X			
VP Energy Marketing Inc.	$ 5,369,631	X			
East Ohio Gas Company	$ 418,769	X		X	
Total Affiliate Charges	**$ 396,863,627**				

The first question—are affiliate charges for services reasonable—was answered by comparing Dominion Virginia Power's affiliate charges per customer to those of utility service companies that file a FERC Form 60 – Annual Report of Service Companies. This comparison was made with 2007 Form 60 data, the latest year Form 60 data is available (the filing deadline for the Form 60 is May 1st).

This study's second question—whether affiliates' services were provided to Dominion Virginia Power during 2008 at the lower of cost or market—was determined by comparing the cost per hour for managerial and professional services provided by affiliate personnel, to hourly billing rates that would be charged by outside providers of equivalent services. Affiliates' costs per hour were based on actual charges to Dominion Virginia Power during the 12 months ended December 31, 2008. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by DRS.

The third question—whether DRS customer services charges were comparable to other utilities—was addressed by comparing Dominion Virginia Power's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be readily obtained from FERC Form 1 data. The availability and transparency of FERC data adds to the validity of its use in this comparison. The comparison was made using 2007 data, the latest year for which FERC Form 1 data is available (the filing deadline for FERC Form 1 is April 18th).

The fourth question—whether DRS' cost allocation methods are reasonable—was answered by evaluating the basis by which each of the 293 DRS cost centers' charges to Dominion Virginia Power during 2008 were assigned. Reasonableness was determined when the allocation methods were related to the causation of the allocated expenses by cost centers providing services to Dominion Virginia Power. The allocation methods used in 2008 were also verified to

be those specified in the current Services Agreement between DRS and Dominion Virginia Power.

Dominion Virginia Power's Service Company Cost Per Customer

During the 12 months ended December 31, 2007, Dominion Virginia Power was charged $343 million by affiliates that provided it with various services. That equates to $145 per Dominion Virginia Power customer per year, as calculated below. This is the per customer cost that will be compared to the cost of other utility service companies.

Affiliate	2007
Dominion Resources Services, Inc.	$ 311,085,408
Dominion Energy Inc.	$ 1,535,781
Dominion Energy Kewaunee Inc.	$ 102,778
Dominion Nuclear Connecticut Inc.	$ 1,394,720
Dominion Retail Inc.	$ 1,633
Dominion Technical Solutions Inc.	$ 25,792,927
Dominion Transmission Inc.	$ 3,328
VP Energy Marketing Inc.	$ 2,753,010
East Ohio Gas Company	$ 351,031
Total Charges from Affiliates	$ 343,020,616
Dominion Virginia Power Customers (A)	2,362,318
Cost Per Customer	**$ 145**

Note A: Represents the number of retail (regulated) customers. Comparison group service company per customer costs are also based on the number retail customers served.

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with Section 1270 of the Public Utility Holding Company Act of 2005, Section 390 of the Federal Power Act, and 18 C.F.R. §366.23. This report is designed to collect financial information from service companies that are subject to regulation by FERC.

DRS files a Form 60. Twenty-two other utility holding companies filed a Form 60 for 2007. All but two were considered for inclusion in the comparison group. The service company for PNM Resources, Inc. was excluded because its total 2007 service company cost per regulated utility customer was a negative amount, clearly an anomaly. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies was not required to provide data for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

The remaining twenty services companies were screened to develop a comparison group that is appropriately similar to Dominion Virginia Power. Two criteria were used to narrow this group:

- Proportion of Retail Electric Service – Dominion Virginia Power provides only electric service. The majority of service companies are owned by parents of utility companies that provide a combination of retail electric and gas service. The nature of service company services can differ between electric and gas service functions. In order to have a close alignment to Dominion Virginia Power, the service companies of utility companies with 90% or more electric customers were considered for comparison group inclusion.
- Number of Customers – Total retail customers of utilities served by the 20 service companies varies significantly from 115,000 for Unitil to 6,700,000 for National Grid. In

order to ensure a similar degree of complexity and breadth to that of Dominion Virginia Power, only utility companies with more than 1 million retail customers were considered for inclusion in the comparison group.

Exhibit 3 shows how 9 service companies were ultimately selected for the comparison group. Exhibit 4 compares the categories of services provided by DRS and the comparison group service companies.

Operating and maintenance expenses charged to utility affiliates for comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (P. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (*e.g.*, accounting, information technology) and type of cost (*e.g.*, labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in DRS' 2008 charges to Dominion Virginia Power:

- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411), and investment tax credit (account 411.5)
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430), and other interest expense (account 431)

Comparison group service company 2007 expenses were also adjusted to remove charges to non-retail affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from FERC Form 60's schedule Account 457 – Analysis of Billing – Associate Companies.

Shown in the table below is the calculation of each comparison group service company's cost per retail customer. 2007 affiliate service-related charges to Dominion Virginia Power were $145 per customer compared to the comparison group's average of $172. Exhibit 5 shows graphically that Dominion Virginia Power's 2007 affiliate cost per customer is almost 16% or $27 per customer lower than the comparison group average.

Utility Service Company	Retail-Related Service Company Expenses	Total Retail Customers	Cost Per Customer
Progress	$351,126,895	3,100,000	$ 113
FirstEnergy	$511,129,366	4,500,000	$ 114
Exelon	$692,160,758	5,880,000	$ 118
PHI	$317,770,893	1,910,000	$ 166
Northeast	$356,196,611	2,101,000	$ 170
AEP	$928,871,896	5,191,000	$ 179
Southern Co	$940,731,642	4,377,000	$ 215
Entergy	$732,652,863	2,700,000	$ 271
Allegheny	$541,807,275	1,565,000	$ 346
Comparison Group Total	$5,372,448,199	31,324,000	$ 172
Dominion Virginia Power	$343,020,616	2,362,318	$ 145

Virginia Electric and Power Company
Selection of Utility Service Company Comparison Group

Utility	Retail Customers Electric	Gas	Total	Percent Electric	≥ 90% Electric	Over 1M Customers
AEP	5,191,000	-	5,191,000	100%	Yes	Yes
Allegheny	1,565,000	-	1,565,000	100%	Yes	Yes
Alliant	981,000	410,000	1,391,000	71%		
Ameren	2,400,000	1,000,000	3,400,000	71%		
Black Hills	105,000	33,000	138,000	76%		
E-On	908,000	318,000	1,226,000	74%		
Energy East	2,014,000	976,000	2,990,000	67%		
Entergy	2,700,000	-	2,700,000	100%	Yes	Yes
Exelon	5,400,000	480,000	5,880,000	92%	Yes	Yes
FirstEnergy	4,500,000	-	4,500,000	100%	Yes	Yes
Great Plains	500,000		500,000	100%		
Nat Grid	3,300,000	3,400,000	6,700,000	49%		
NiSource	457,000	3,382,000	3,839,000	12%		
Northeast	1,898,000	203,000	2,101,000	90%	Yes	Yes
PHI	1,790,000	120,000	1,910,000	94%	Yes	Yes
Progress	3,100,000		3,100,000	100%	Yes	Yes
SCANA	639,000	760,000	1,399,000	46%		
Southern Co.	4,377,000		4,377,000	100%	Yes	Yes
Unitil	100,000	15,000	115,000	87%	Yes	
Xcel	3,300,000	1,800,000	5,100,000	65%		
Total	45,225,000	12,897,000	58,122,000	78%		

Dom Va Pwr	2,362,318	-	2,362,318

Included in comparison group

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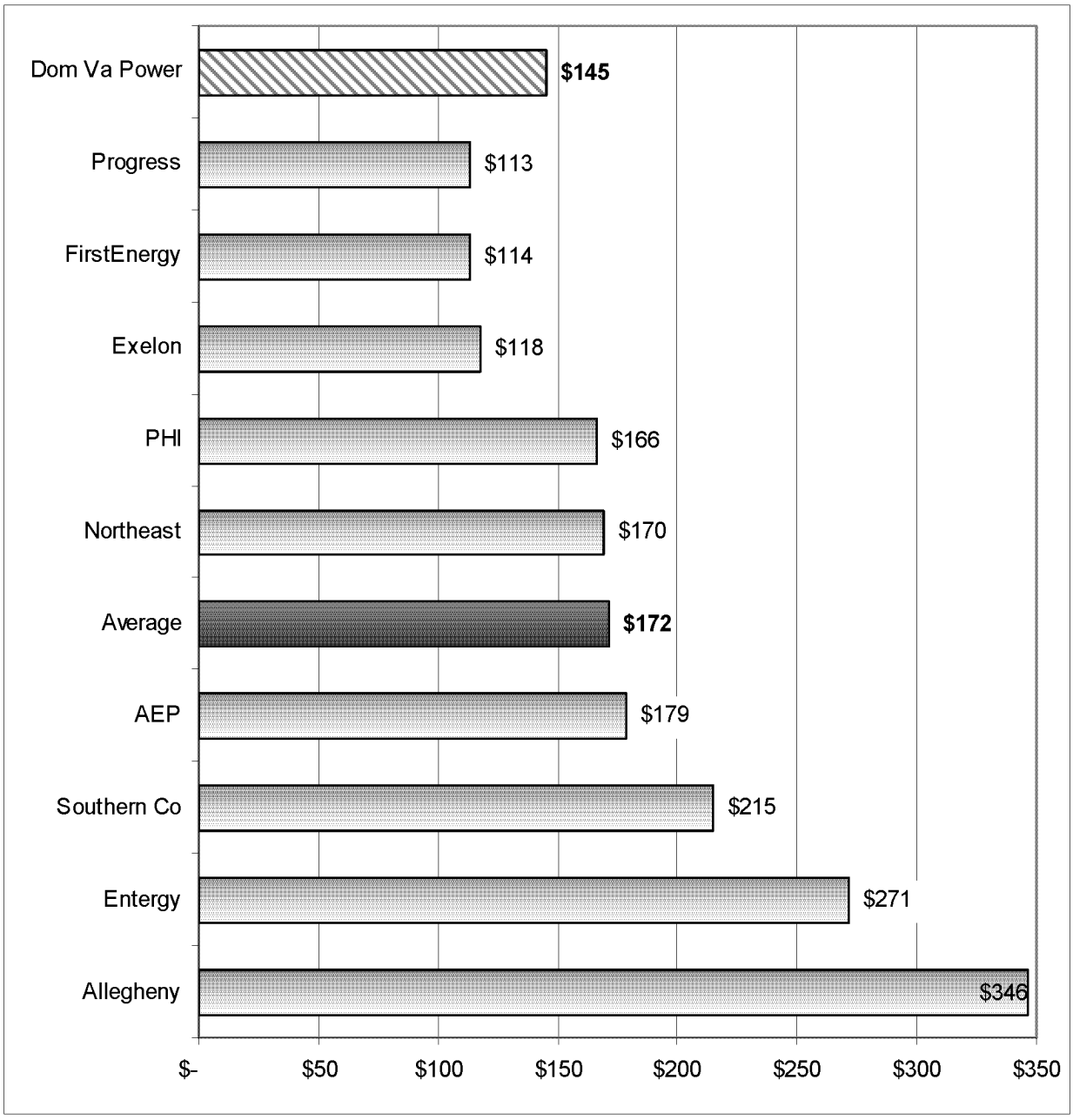
Virginia Electric and Power Company
Analysis of Service Company Services

	Utility Service Company									
Service Category [A]	Dominion	AEP	Allegheny	Entergy	Exelon	FirstEnergy	Northeast	PHI	Progress	Southern Co.
Accounting	X	X	X	X	X	X			X	
Auditing	X	X	X			X	X		X	X
Business Services	X	X	X		X	X		X	X	
Corporate Planning	X	X	X			X			X	
Customer Service	X	X	X		X	X	X	X		
Energy Marketing	X							X		X
Environmental & Safety	X	X				X		X		X
Executive	X	X	X		X	X	X	X		X
External Affairs	X	X	X	X	X	X	X	X	X	X
Finance	X	X	X	X	X	X	X	X	X	X
Human Resources	X	X	X	X	X	X	X	X	X	X
Information Technology	X	X	X	X	X	X		X	X	X
Legal	X	X	X	X	X	X	X	X	X	X
Operations	X	X	X	X	X	X	X	X		X
Regulatory Services	X	X	X		X	X			X	
Risk Management	X	X	X			X				
Supply Chain	X	X	X		X	X		X		X
Treasury	X		X			X			X	
Total Services	18	16	16	7	12	17	8	12	11	11

Note A: These 18 service categories were developed by Baryenbruch & Company, LLC based on an analysis of the Form 60 data. DRS' 26 services were mapped to these 18 service categories for purposes of this analysis.


Dom Va Power
$145
Progress
$113
FirstEnergy
$114
Exelon
$118
PHI
$166
Northeast
$170
Average
$172
AEP
$179
Southern Co
$215
Entergy
$271
Allegheny
$346
$-
$50
$100
$150
$200
$250
$300
$350

IV – Question 1 – Reasonableness of Affiliate Charges

Form 60 data were further analyzed to compare the costs of categories of services. Services provided by the comparison group were assigned to 18 service categories shown in the table below.

Accounting	Finance
Auditing	Human Resources
Business Services	Information Technology
Corporate Planning	Legal
Customer Service	Operations
Energy Marketing	Regulatory Services
Environmental & Safety	Risk Management
Executive	Supply Chain
External Affairs	Treasury

Comparison group charges to regulated utility affiliates were assigned to service category cost pools, which were then divided by the number of retail customers. The resultant cost per customer for each service category is shown in Exhibit 6. This schedule, in effect, breaks down the service component of Dominion Virginia Power's and comparison group service companies' total cost per customer that was compared previously in Exhibit 5. Dominion Virginia Power's cost per customer is lower than the comparison group average for 16 of 18 service categories. Per customer cost results are also graphed in Exhibit 7, which shows Dominion Virginia Power's position within the range of comparison group per customer costs.

Further research into the two service categories in which Dominion Virginia Power is higher than average showed the following:

- Information Technology (IT) – DRI centralizes IT functions to the greatest extent possible in order to gain economies of scale. The IT functions for other utility companies typically are not centralized to the same extent. Depreciation and amortization expenses are included in the IT services charges to affiliates. IT assets in other utility companies are often owed by the regulated operating companies, thus their service companies charges would not include the associated depreciation and amortization expenses.

- External Affairs – DRS includes philanthropic-related expenses, including over $800,000 in charitable donations. As discussed earlier, donations were excluded from comparison group service companies' cost pools. Philanthropic expenses account for approximately $0.50 of DRS' $5.69 per customer. DRS' cost also includes $0.45 per customer in community affairs-related expenses. Most comparison group service companies do not include such expenses. It is possible these expenses are incurred directly by and recorded on the books of their regulated utility affiliates. These two items total $0.95 per customer for DRS. This is the approximate difference between DRS and the comparison group average.

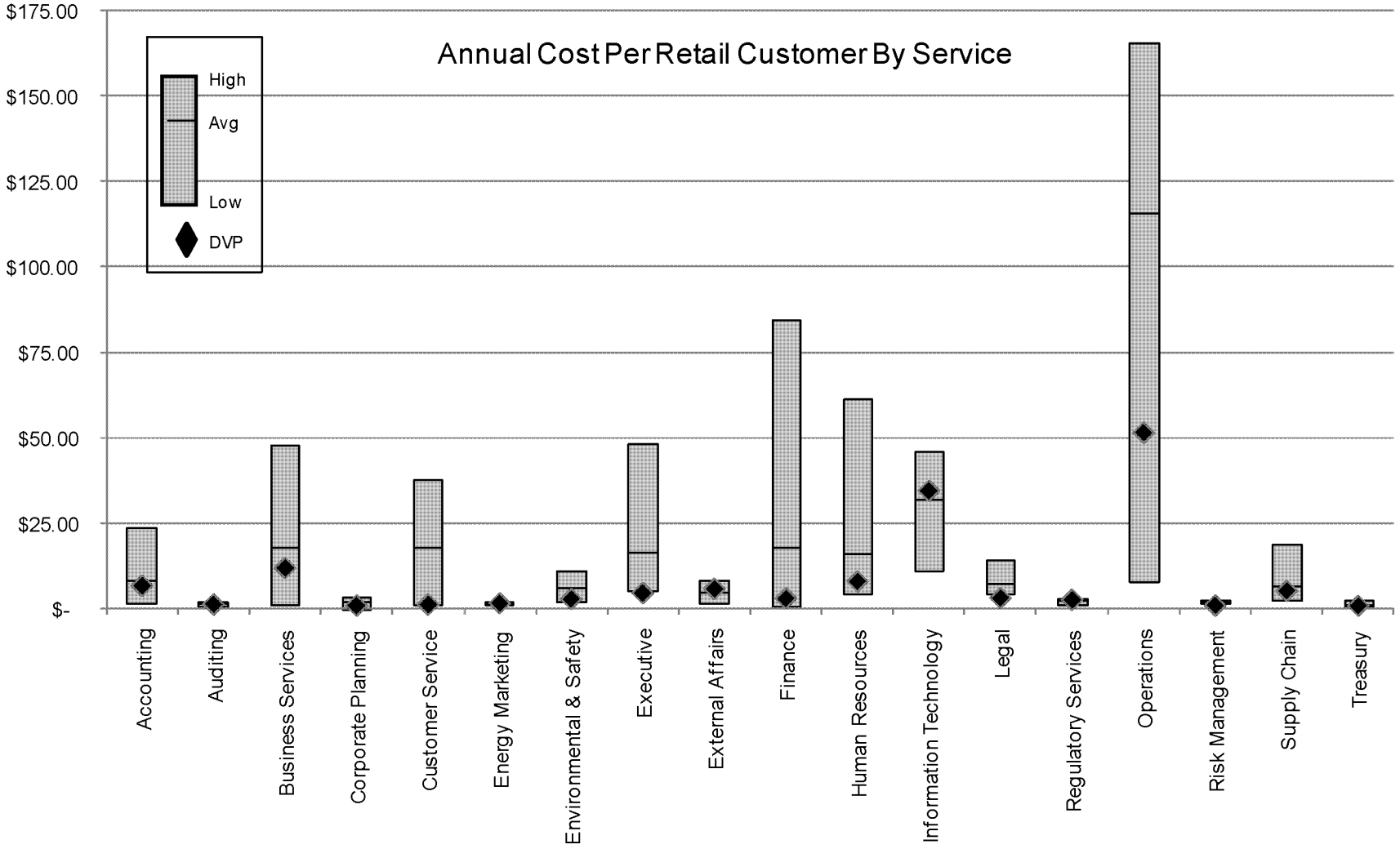
Based on the results of this benchmarking to comparable service companies, Dominion Virginia Power's service-related charges from affiliates are reasonable.

Virginia Electric and Power Company
Annual Cost Per Customer by Service Category – Calculation Detail

	Utility Service Company											
Service Category	AEP	Allegheny	Entergy	Exelon	FirstEnergy	Northeast	PHI	Progress	Southern Co.	Comparison Group Average (Adjusted)	Dominion Virginia Power	Dominion Virginia Power Higher(Lower) Than Adjusted Average
Accounting	$ (38.72)	$ 11.89	$ 23.99	$ 1.41	$ 5.51			$ 9.56		$ 8.23	$ 6.66	$ (1.58)
Auditing	$ 1.97	$ 1.37			$ 0.69	$ 1.18		$ 1.58	$ 1.63	$ 1.44	$ 1.15	$ (0.29)
Business Services	$ 28.49	$ 1.21		$ 6.34	$ 5.97		$ (1.20)	$ 48.03		$ 17.93	$ 11.88	$ (6.05)
Corporate Planning	$ 3.23	$ 3.19			$ 0.21			$ 2.31		$ 2.08	$ 0.81	$ (1.27)
Customer Service	$ 37.97	$ 15.86		$ 1.19	$ 14.81	$ 23.97	$ 18.83			$ 18.06	$ 1.11	$ (16.95)
Energy Marketing							$ 1.40		$ 1.93	$ 1.77	$ 1.50	$ (0.26)
Environmental & Safety	$ 6.95				$ 2.60		$ 2.06		$ 11.06	$ 6.26	$ 2.72	$ (3.55)
Executive	$ 5.38	$ 31.98		$ 8.33	$ 6.49	$ 48.26	$ 13.15		$ 31.77	$ 16.52	$ 4.49	$ (12.03)
External Affairs	$ 1.74	$ 3.25	$ 4.75	$ 5.30	$ 5.84	$ 5.20	$ 1.87	$ 8.46	$ 5.49	$ 4.76	$ 5.69	$ 0.93
Finance	$ 1.30	$ 1.45	$ 84.35	$ 17.17	$ 1.43	$ 29.71	$ 21.20	$ 0.85	$ 25.77	$ 17.96	$ 2.91	$ (15.05)
Human Resources	$ 14.67	$ 61.59	$ 51.36	$ 7.10	$ 10.70	$ 19.13	$ 7.60	$ 4.55	$ 6.78	$ 15.95	$ 7.93	$ (8.02)
Information Technology	$ 11.11	$ 28.89	$ 35.29	$ 46.06	$ 25.39		$ 39.05	$ 28.41	$ 43.37	$ 32.02	$ 34.55	$ 2.53
Legal	$ 5.34	$ 9.73	$ 14.29	$ 7.65	$ 7.14	$ 4.41	$ 5.68	$ 7.12	$ 7.46	$ 7.45	$ 3.01	$ (4.44)
Regulatory Services	$ 2.42	$ 1.11			$ 3.18					$ 2.55	$ 2.50	$ (0.04)
Operations	$ 90.84	$ 165.49	$ 57.32	$ 7.98	$ 16.26	$ 37.69	$ 37.73		$ 77.24	$115.98	$ 51.61	$ (64.37)
Risk Management	$ 2.74	$ 1.72			$ 1.85					$ 2.24	$ 0.82	$ (1.42)
Supply Chain	$ 3.51	$ 5.97		$ 9.17	$ 4.89		$ 19.00		$ 2.42	$ 6.42	$ 5.14	$ (1.28)
Treasury		$ 1.50			$ 0.63			$ 2.40		$ 1.38	$ 0.71	$ (0.67)
Total Cost Per Customer	$ 178.94	$ 346.20	$ 271.35	$ 117.71	$ 113.58	$ 169.54	$ 166.37	$ 113.27	$ 214.93		$ 145.21	

Virginia Electric and Power Company

Annual Cost Per Customer by Service Category – Dominion Virginia Power's Position Relative to Comparison Group



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V – Question 2 – Provision of Services at the Lower of Cost or Market

Comparison Methodology

During 2008, two affiliates, DRS and Dominion Technical Solutions, Inc. ("DTech") billed Dominion Virginia Power approximately $387.7 million in service-related charges. These represent 98% of affiliate's service-related charges to Dominion Virginia Power during 2008.

Dominion Virginia Power's billings from these affiliates were market-tested by comparing the cost per hour for DRS and DTech services to those of outside service providers to whom those services could be outsourced. The outside providers selected for comparison were:

- Attorneys – legal and corporate secretary services
- Management Consultants – executive management, external affairs, human resources, communications services
- Certified Public Accountants – accounting, tax, finance, treasury, internal audit, and rates and regulatory services
- Information Technology Consultants – information technology services
- Professional Engineers – engineering and operations-related services

Calculation of Affiliates' Hourly Rates

This study assigned DRS and DTech affiliate charges to one of the five outside provider categories (listed above) based on the specific nature of the service provided to Dominion Virginia Power. For instance, the charges from DRS' internal auditing cost center were assigned to the CPA cost pool.

Certain adjustments were necessary to construct the DRS/DTech-related cost pools that are reflective of how outside providers recover their costs.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rates. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these charges from the DRS/DTech hourly rate calculation.
- Outside Services – These expenses are not associated with the cost of DRS/DTech personnel performing services for Dominion Virginia Power (outside firms perform the work under DRS and DTech direction). Charges from outside professional firms to perform certain corporate-wide services (*e.g.*, legal, financial audit, actuarial services) represent services that have, in effect, already been outsourced by DRS/DTech.
- Other Non-Service Expenses – These are various DRS/DTech-incurred fees and expenses to which Dominion Virginia Power is assigned its appropriate share. They are not related to the performance of services by DRS and DTech personnel for Dominion Virginia Power. An outside provider would not be expected to recover these costs in their hourly billing rates. Examples of these items include financing fees and material expenses.
- Enterprise Software Expenses – DRS arranges for enterprise-wide licenses for certain mainframe and server software. In doing so, DRS lowers the cost of this software through economies of scale. These savings are passed on to Dominion Virginia Power and affiliates who use the applications. Outside providers would expect to recover enterprise software expenses over and above their hourly rates. For instance, an outside provider that would take over support of the corporation's SAP applications,

would not try to recover the annual license fees paid to SAP in their hourly billing rates. Rather, a separate charge would be established for these costs.

- Transportation-Related Cost Centers – DRS provides aviation services to Dominion Virginia Power and its affiliates. This is a discrete service and not part of the cost of other services.
- Customer Accounts Services-Related Cost Centers – These are DRS services that would not be provided by any of the five outside professional service provider categories. Thus, these costs are tested in connection with the customer account services expense comparison in Chapter VI.

Exhibit 8 is an analysis of these adjustments from DRS/DTech 2008 service-related charges to Dominion Virginia Power. The net testable DRS charges of $301.5 million were subjected to a lower of cost or market pricing test.

Based on the nature of the services provided by each DRS cost center, testable charges were assigned to the five outside provider categories, as shown in Exhibit 9. A few cost centers provide general support for the DRS organization, and do not provide services directly to Dominion Virginia Power. For purposes of this study, these cost centers were designated as "overhead," and their expenses are later allocated to the five outside provider cost pools. Office facility cost centers are the largest and make up the majority of overhead charges. Test year DRS hours charged to Dominion Virginia Power are compiled by outside provider category in Exhibit 10. The categorization of hours was also based on the same cost center-by-cost center assignment used for DRS dollar charges.

Based on the cost and hour pools, DRS' 2008 hourly rates were developed for each of the five provider categories. Exhibit 11 shows the calculations involved in creating hourly rates that are compared to the rates of outside providers.

Virginia Electric and Power Company
Calculation of 2008 Net Testable DRS Charges

2008 Charges From Affiliates		
Dominion Resources Services, Inc.	$ 350,456,982	
Dominion Technical Solutions, Inc.	$ 37,220,958	
Total Affiliate Charges	$ 387,677,940	$ 387,677,940
Less: GL Accounts Eliminated from Market Test		
Travel Expenses		
5302010-Travel Expense	$ 7,949,814	
5302015-Travel - Meals (50% Non-Deductible)	$ 1,058,874	
5302020-Entertainment Expense	$ 115,725	
5302021-Entertainment Expense - Non-Deductible	$ 641,815	
5304500-Aviation Fuel	$ 422,097	
5304510-Gasoline	$ 32,324	
5304520-Fuel-Off Hwy Equip	$ 1,629	
5307000-Rent Expense-Hangars	$ 566	
5307040-Rent Expense - Vehicles	$ (9,441)	
5399065-Expense Reimbursements from Customers	$ 613,342	
5399070-Vehicle Expenses-M4-Fleet System- Mainte	$ 101,069	
5399071-Vehicle Expenses-M4-Fleet System - Credi	$ -	
5399072-Vehicle Expenses-M4-Fleet System - Owner	$ 1,895,188	
5399100-Communications - Aviation	$ 8,627	
Total Travel Expenses	$ 12,831,629	$ (12,831,629)
Outside Services		
5303010-Contractor Labor - Straight Time	$ 11,715,447	
5303015-Contractor Labor OT	$ 127,529	
5303020-Contractor Materials	$ 372	
5303030-Contractor Services	$ 8,842,906	
5303040-Environmental Services	$ 106	
5303110-Office Equipment Maintenance Services	$ 749,497	
5303120-Computer & Software Maintenance Services	$ 11,315,889	
5303130-Building & Grounds Maintenance Services	$ 94,077	
5303140-Security Equipment Maintenance Services	$ 474,142	
5303150-Communications Equipment Maintenance Ser	$ 58,819	
5303160-Network Maintenance Services	$ 748,561	
5303170-Automobile Repairs/Maintenance	$ 45,753	
5303175-Aviation Repairs/Maintenance	$ 404,539	
5303190-Miscellaneous Repairs/Maintenance	$ 119,774	
5303210-Accounting/Auditing Services	$ 1,560,502	
5303220-Legal Services	$ 1,003,584	
5303310-Consultant Services	$ 7,106,335	
5303320-Training Services	$ 1,706,576	
5303810-Employment Agency Services	$ 4,088	
5303820-Collection Agency Services	$ 170	
5303830-Advertising	$ 1,568,493	
5303840-Security & Investigative Services	$ 632,473	
5303850-Testing Services	$ 91,662	
5303860-Broker Service Fees	$ -	
5303890-Miscellaneous Outside Services	$ 3,303,518	
Total Outside Services	$ 51,674,810	$ (51,674,810)

Virginia Electric and Power Company
Calculation of 2008 Net Testable DRS Charges

Less: GL Accounts Eliminated from Market Test				
Other Non-Service Expenses				
5304200-Material Exp-Non Stk	$	1,674,779		
5310010-Operating Permits	$	25,729		
5310020-Licensing Fees	$	7,360		
5310050-Environmental Fees	$	43,001		
5310060-Financing Fees	$	1,360,846		
5310080-Bank Fees	$	525,273		
5310090-Miscellaneous Fees	$	258,074		
5312042-Freestanding Derivatives - MTM - Other	$	-		
5380010-Operating Gain/Loss-Disposition of Asset	$	95,755		
5399074-Vehicle Purchases	$	-		
5705100-Excise Taxes	$	-		
Intercompany Money Pool Interest Income/Expense	$	(240,808)		
Total Non-Services Expenses	$	3,750,009	$	(3,750,009)
Less: DRS Cost Centers Eliminated from Market Test				
Enterprise Software Expense Cost Centers	$	3,191,981		
Transportation-Related Cost Centers	$	2,890,448		
Market Tested via Customer Acct Svcs Comparison	$	11,823,336		
Total Eliminated Cost Centers	$	17,905,765	$	(17,905,765)

Net Testable DRS Billings	**$ 301,515,727**

Virginia Electric and Power Company
2008 Market Testable DRS Charges to Dominion Virginia Power by Outside Service Provider Category

	Outside Provider Category						
Service Types (A)	Attorney	Management Consultant	Certified Public Accountant	IT Consultant	Professional Engineer	Overhead	
Accounting			$ 7,079,802				
Accounts Payable			$ 1,430,583				
Auditing			$ 2,561,479				
Business Operations		$ 117,132					
Business Planning		$ 2,667,191					
Corp. Communications		$ 3,286,200					
Corporate Planning			$ 3,875,847				
Corporate Secretary	$ 28,690						
Emp. Benefits/Pension		$ 1,308,252					
Energy Marketing		$ 757,305					
Environmental					$ 5,063,367		
Executive/Admin.	$ 741,908	$ 41,259,788					
External Affairs		$ 5,162,131					
Facilities						$ 1,341,527	
Fleet						$ 766,206	
Generation Business Development		$ 1,955,147					
Generation Business Operations					$ 23,903,016		
Generation Human Resources		$ 3,539,772					
Generation Operations					$ 45,476,530		
General Services						$ 1,624,224	
Human Resources		$ 13,067,376					
Information Technology				$ 66,067,732			
Investor Relations			$ 41,912				
Legal	$ 6,023,968						
Operations		$ 2,638,913			$ 31,126,941		
Other						$ 7,251,893	
Payroll			$ 1,122,884				
Procurement			$ 10,265,973				
Rates			$ 3,473,865				
Risk Management		$ 762,343	$ 1,157,660				
Security		$ 2,070,009					
Tax			$ 2,812,260				
Treasury			$ (314,095)				Total
Total Cost Pool	$ 6,794,566	$ 78,591,560	$ 33,508,167	$ 66,067,732	$ 105,569,854	$ 10,983,849	$ 301,515,727

Note A: The current Services Agreement lists 26 services DRI can provide to Dominion Virginia Power. The list of service types in this analysis is more detailed, but they map directly to the 26 Services Agreement services.

Virginia Electric and Power Company
2008 Market Testable DRS Hours Charged to Dominion Virginia Power by Outside Service Provider Category

	Outside Provider Category					
	Attorney	Management Consultant	Certified Public Accountant	IT Consultant	Professional Engineer	
Accounting			103,339			
Accounts Payable			28,510			
Auditing			34,563			
Business Operations		1,331				
Business Planning		23,596				
Corp Communications		36,628				
Corporate Planning			49,678			
Corporate Secretary	412					
Emp. Benefits/Pension		18,404				
Energy Marketing		9,447				
Environmental					61,584	
Executive/Admin	989	55,061				
External Affairs		32,562				
Facilities						
Fleet						
Generation Business Development		16,204				
Generation Business Operations					261,585	
Generation Human Resources		45,212				
Generation Operations					452,976	
General Services						
Human Resources		331,922				
Information Technology				761,452		
Investor Relations			365			
Legal	46,474					
Operations		30,112			403,748	
Other						
Payroll			15,121			
Procurement			127,655			
Rates			38,034			
Risk Management		9,239	15,668			
Security		41,144				
Tax			34,625			
Treasury			3,781			Total
Total Cost Pool	47,875	650,861	451,339	761,452	1,179,893	3,091,421

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Virginia Electric and Power Company
2008 DRS Hourly Rate Calculation

	DRS Hourly Rates					
	Attorney	Mgmt Consultant	Certified Public Accnt	IT Consultant	Professional Engineer	Total
Service-Related Charges	$ 6,794,566	$ 78,591,560	$ 33,508,167	$ 66,067,732	$ 105,569,854	$ 290,531,879
Overhead Expenses (A)	$ 256,875	$ 2,971,233	$ 1,266,810	$ 2,497,757	$ 3,991,174	$ 10,983,849
Cost Pool Total	$ 7,051,441	$ 81,562,793	$ 34,774,977	$ 68,565,489	$ 109,561,028	$ 301,515,727
Hours	47,875	650,861	451,339	761,452	1,179,893	3,091,421
Average DRS Hourly Rate	**$ 147**	**$ 125**	**$ 77**	**$ 90**	**$ 93**	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses, as calculated below.

	Attorney	Mgmt Consultant	Certified Public Accnt	IT Consultant	Professional Engineer	Total
Service-Related Charges (above)	$ 6,794,566	$ 78,591,560	$ 33,508,167	$ 66,067,732	$ 105,569,854	$ 290,531,879
Percent of Cost Pool Total	2.3%	27.1%	11.5%	22.7%	36.3%	100.0%
Total Overhead Expenses	$ 10,983,849	$ 10,983,849	$ 10,983,849	$ 10,983,849	$ 10,983,849	
Allocation of Overhead Expenses	$ 256,875	$ 2,971,233	$ 1,266,810	$ 2,497,757	$ 3,991,174	$ 10,983,849

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described below.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among Virginia certified public accounting firms, only more experienced staff are predominantly CPAs, as shown in the table below. Some DRS employees also have professional licenses. Thus, it is valid to compare the DRS' hourly rates to those of the outside professional service providers included in this study.

Position	% In VA Who Are CPAs
Partners/Owners	98%
Directors (over 10 years experience)	86%
Managers (6-10 years experience)	88%
Sr Associates (4-5 years experience)	81%
Associates (1-3 years experience)	23%
New Professionals	0%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The Virginia State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys. Therefore, an estimate of Virginia attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 12, the average rate for each firm was adjusted for the cost of living differential between its location and Richmond, Virginia. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of the test year ended December 31, 2008.

Management Consultants

The cost per hour for management consultants was developed from a 2008 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2007 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 13, was to determine an average rate by consultant position level. From these rates, a weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment, based on Baryenbruch & Company, LLC's experience, by each consultant position level. The 2007 average rate was escalated to June 30, 2008—the midpoint of the test year ended December 31, 2008.

Certified Public Accountants

The average hourly rate for Virginia CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The Virginia version of this survey was used to develop hourly rates for member firms in Virginia.

As shown in Exhibit 14, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment, based on Baryenbruch & Company, LLC's experience. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to June 30, 2008—the test year's midpoint.

Information Technology Consultants

The average hourly rate for information technology consultants and contractors was developed from Baryenbruch & Company, LLC data and from information provided by DRS on hourly rates it actually paid to IT contractors during 2008. As shown in Exhibit 15, that data was compiled, and a weighted average was calculated based on a percent of time that is typically applied to an IT consulting assignment, based on Baryenbruch & Company, LLC's experience,

Professional Engineers

Hourly rate information for professional engineering firms was developed from Baryenbruch & Company, LLC data. As shown in Exhibit 16, an average rate was developed for each engineering position for 9 engineering firms. Then, using a typical percentage mix by position that is typically applied to an engineering assignment, based on Baryenbruch & Company, LLC's experience, a weighted average cost per hour was calculated.

Virginia Electric and Power Company
2008 Billing Rates for Virginia Attorneys

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	85%	$ 427
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	147%	$ 241
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	147%	$ 322
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	147%	$ 240
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	115%	$ 277
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	115%	$ 236
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	147%	$ 223
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	147%	$ 203
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	147%	$ 243
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	147%	$ 328
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	147%	$ 166
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	147%	$ 205
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	137%	$ 211
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	147%	$ 196
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	147%	$ 209
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	147%	$ 169
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	116%	$ 171
							Overall Average 2007 Billing Rate		$ 253

Escalation to Test Year's Mid-Point - June 30, 2008 (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Billing Rate At June 30, 2008	**$ 264**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Richmond, Virginia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Richmond. A number less than 100% indicates Richmond's cost of living is higher.

Virginia Electric and Power Company
2008 Billing Rates for U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 181	$ 236	$ 286	$ 333

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$181	$236	$286	$333	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 54	$ 47	$ 29	$ 33	**$ 206**

Escalation to Midpoint of December 31, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For Management Consultants At June 30, 2008	**$ 214**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2008 Edition," Association of Management Consulting Firms
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Virginia Electric and Power Company
2008 Billing Rates of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 80	$ 107	$ 138	$ 165	
Percent of Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 28	$ 33	**$ 117**

Escalation to Midpoint of June 30, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For CPAs At June 30, 2008	**$ 122**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Virginia Electric and Power Company
2008 Billing Rates For IT Consultants

IT Resource Level	2008 Hourly Rate (A)
Consultant Positions	
Senior Manager/Partner Consultant	$ 360
Staff/Manager Consultant	$ 240
Contractor Positions	
Senior Contractor	$ 110
Contractor	$ 63

Overall Average	2008 Rate	% of Project/Assignment	
Senior Manager/Partner Consultant	$ 360	10%	$ 36
Staff/Manager Consultant	$ 240	30%	$ 72
Senior Contractor	$ 110	30%	$ 33
Contractor	$ 63	30%	$ 19
		Weighted Average	**$ 160**

Note A: Sources are Baryenbruch & Company, LLC and DRS

Virginia Electric and Power Company
2008 Billing Rates for Engineers

Note: Billing rates were those in effect in 2008

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates		
	Engineer Design Engineer		Officer
Firm Number	Project Engineer	Project Manager Sr. Mgr. Engineer	Principal Engineer
Firm #1	$85	$136	$175
Firm #2	$84	$134	$164
Firm #3	$102	$162	$207
Firm #4	$80	$127	$162
Firm #5	$73	$112	$160
Firm #6	$86	$139	$190
Firm #7	$98	$132	$146
Firm #8	$92	$138	$189
Firm #9	$77	$110	$135

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Engineer Design Engineer Project Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (from above)	$86	$132	$170	
Percent of Engineering Assignment	50%	25%	25%	Weighted Average
	$43	$33	$42	**$119**

Source: Baryenbruch & Company, LLC data

Affiliates and Outside Providers Cost Comparison

As shown in the table below, DRS/DTech's costs per hour during 2008 are significantly lower than those of outside providers.

	Test Year Cost Per Hour Difference		
Service Provider	DRS	Outside Providers	Difference - DRS Greater(Less) Than Outside
Attorney	$ 147	$ 264	$ (116)
Management Consultant	$ 125	$ 214	$ (89)
Certified Public Accountant	$ 77	$ 122	$ (45)
IT Consultant	$ 90	$ 160	$ (70)
Professional Engineer	$ 93	$ 119	$ (26)

Based on these cost per hour differentials, and the number of hours DRS/DTech billed Dominion Virginia Power during the test year, DRS/DTech's services would have cost approximately $167 million more from outside providers, as calculated below. This is 55% more than DRS/DTech's total charges to Dominion Virginia Power during the test year ended December 31, 2008 ($167,068,813 / $301,515,727 = 55%).

	Test Year Total Cost Difference		
Service Provider	Hourly Rate Difference - DRS Greater(Less) Than Outside	DRS Hours Charged	Dollar Difference
Attorney	$ (116)	47,875	$ (5,577,233)
Management Consultant	$ (89)	650,861	$ (57,954,951)
Certified Public Accountant	$ (45)	451,339	$ (20,103,497)
IT Consultant	$ (70)	761,452	$ (53,145,057)
Professional Engineer	$ (26)	1,179,893	$ (30,288,076)
Net DRS Less Than Outside Providers			$ (167,068,813)

DRS and DTech are obligated to provide Dominion Virginia Power with services at the lower of cost or market according to the Commission's order approving the current Services Agreement. As a final step in this lower of cost or market pricing analysis, the 2008 income statements of both DRS and DTech were reviewed. Both were found to have no net income. This provides further evidence that Dominion Virginia Power received services from the two affiliates at their cost, which is below market as discussed above.

VI - Question 3 - Reasonableness of DRS' Customer Accounts Services Costs

Comparison Methodology

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of DRS' customer accounts services-related charges to Dominion Virginia Power with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, Dominion Virginia Power's charges from DRS for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 17 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Neighboring electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1s show amounts for Accounts 903 and 905.

Virginia	• Appalachian Power	
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Appalachian Power • Monongahela Power	• Wheeling Power
North Carolina	• Duke Energy Carolinas	• Progress Energy Carolinas
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
Tennessee	• Kingsport Power	

Virginia Electric and Power Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Virginia Electric and Power Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of DRS' Customer Accounts Services Costs

Dominion Virginia Power Customer Account Services Cost Per Customer

As calculated below, Dominion Virginia Power's 2007 customer account services expense per customer was $19.52. Besides charges recorded to accounts 903 and 905 on Dominion Virginia Power's books, two other cost components were added into Dominion Virginia Power's cost pool: (1) the cost of postage for Dominion Virginia Power's customer bills printed by DRS and recorded in an administrative and general FERC account by Dominion Virginia Power, and (2) charges from East Ohio Gas for the cost of handling overflow Dominion Virginia Power customer calls to DRS.

Sources of Charges		2007 Amount
Dominion Virginia Power		
Acct 903 - Customer Records & Collection	$	32,253,336
Acct 905 - Miscellaneous Customer Accounts	$	-
Account 926 - Employee Pension & Benefits	$	3,831,664
Account 408 - Taxes Other Than Income (Employer's FICA)	$	1,451,975
Dominion Resources Services, Inc.		
DRS Cost Center 703227 - Inserting (postage)	$	8,224,414
East Ohio Gas Company	$	351,031
Total Dominion Virginia Power CAS Expenses	$	46,112,420
Total Dominion Virginia Power Customers		2,362,318
Average Cost per Customer	**$**	**19.52**

Comparison Group Cost Per Customer

Exhibit 18 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary of Results

As shown in the table below, Dominion Virginia Power's cost per customer is considerably less than the average of the neighboring electric utility comparison group. Based upon this data, DRS' 2007 customer accounts-related expenses charged to Dominion Virginia Power are reasonable.

VI - Question 3 - Reasonableness of DRS' Customer Accounts Services Costs

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	13.71
Monongahela Power	$	16.10
Dominion Virginia Power	**$**	**19.52**
Duke Energy Carolinas	$	23.98
Progress Energy Carolinas	$	24.66
Kentucky Utilities	$	25.91
Wheeling Power	$	28.08
Comparison Group Average	**$**	**28.93**
Kingsport Power	$	32.31
Baltimore Gas & Electric	$	32.50
Duke Energy Kentucky	$	34.88
Appalachian Power	$	34.99
Kentucky Power	$	37.59
Delmarva Power & Light	$	61.87
Potomac Electric	$	70.37

Virginia Electric and Power Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky			
		Appalachian Power	Virginia Dom. Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric
Customer Account Services Cost Pool							
FERC Account Balances:							
Account 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ 75,852	$ 2,888	$ 173,641	$ 215,534
Subtotal		$ 31,332,299	$ 32,253,336	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,429,385	$ 3,831,664	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 534,319	$ 1,451,975	$ 264,982	$ 111,009	$ 230,888	$ 94,002
Total Cost Pool		**$ 33,296,003**	**$ 37,536,975**	**$ 4,668,963**	**$ 6,605,240**	**$ 13,824,490**	**$ 5,494,491**
Total Customers (page 304, line 43)		951,693	2,362,318	133,868	175,705	533,512	400,703
Customer Account Services Expense per Customer		**$ 34.99**	**$ 15.89**	**$ 34.88**	**$ 37.59**	**$ 25.91**	**$ 13.71**
Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,499,955	$ 120,865,073	$ 9,725,767	$ 4,466,809	$ 22,618,725	$ 20,138,689
Total O&M Payroll (page 355, line 65)		$ 105,057,647	$ 598,702,458	$ 31,182,162	$ 22,664,819	$ 39,257,367	$ 45,624,056
Benefits as Percent of Payroll		20.5%	20.2%	31.2%	19.7%	57.6%	44.1%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 8,227,618	$ 25,945,148	$ 1,323,882	$ 1,702,053	$ 4,110,913	$ 960,068
Gas (page 354, line 37)				$ 3,112,805			$ 771,056
Total Payroll Charged to Customer Accounts		$ 8,227,618	$ 25,945,148	$ 4,436,687	$ 1,702,053	$ 4,110,913	$ 1,731,124
Percent Applicable to Customer Accounts Services (903 and 905):							
Account 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ 75,852	$ 2,888	$ 173,641	$ 215,534
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 31,332,299	$ 32,253,336	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099
Account 902 - Meter Reading Expenses (page 322, line 160)		$ 5,576,254	$ 11,835,960	$ 933,492	$ 1,073,679	$ 4,292,201	$ 1,986,061
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 36,908,553	$ 44,089,296	$ 4,257,103	$ 7,281,927	$ 16,146,857	$ 6,844,160
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	73.2%	78.1%	85.3%	73.4%	71.0%
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,429,385	$ 3,831,664	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 534,319	$ 1,451,975	$ 264,982	$ 111,009	$ 230,888	$ 94,002

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Virginia Electric and Power Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		West Virginia			North Carolina	
		Appalachian Power	Monongahela Power	Wheeling Power	Duke Energy Carolinas	Prog Energy Carolinas
Customer Account Services Cost Pool						
FERC Account Balances:						
Account 903 - Customer Records & Collection (page 322, line 161)			$ 4,781,391	$ 1,083,477	$ 46,334,799	$ 25,897,315
Account 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 1,480	$ 3,809,061	$ 3,903,789
Subtotal			$ 4,781,391	$ 1,084,957	$ 50,143,860	$ 29,801,104
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**		$ 1,013,833	$ 55,868	$ 4,288,224	$ 4,309,442
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**		$ 298,068	$ 19,665	$ 1,457,948	$ 1,000,266
Total Cost Pool			**$ 6,093,292**	**$ 1,160,489**	**$ 55,890,032**	**$ 35,110,812**
Total Customers (page 304, line 43)			378,558	41,332	2,330,251	1,423,759
Customer Account Services Expense per Customer		(see Virginia)	**$ 16.10**	**$ 28.08**	**$ 23.98**	**$ 24.66**
Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)			$ 18,666,160	$ 369,460	$ 159,264,565	$ 126,417,315
Total O&M Payroll (page 355, line 65)			$ 71,736,947	$ 1,699,949	$ 707,819,291	$ 383,565,368
Benefits as Percent of Payroll			26.0%	21.7%	22.5%	33.0%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)			$ 5,853,820	$ 357,852	$ 21,482,901	$ 15,853,937
Gas (page 354, line 37)						
Total Payroll Charged to Customer Accounts			$ 5,853,820	$ 357,852	$ 21,482,901	$ 15,853,937
Percent Applicable to Customer Accounts Services (903 and 905):						
Account 903 - Customer Records & Collection (page 322, line 161)			$ 4,781,391	$ 1,083,477	$ 46,334,799	$ 25,897,315
Account 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 1,480	$ 3,809,061	$ 3,903,789
Subtotal - Total Charges Applicable to Customer Accounts Services			$ 4,781,391	$ 1,084,957	$ 50,143,860	$ 29,801,104
Account 902 - Meter Reading Expenses (page 322, line 160)			$ 2,402,163	$ 425,426	$ 6,379,768	$ 6,332,860
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading			$ 7,183,554	$ 1,510,383	$ 56,523,628	$ 36,133,964
Percent Applicable to Customer Accounts Services (903 and 905)			66.6%	71.8%	88.7%	82.5%
Customer Account Services Portion of Total Payroll			$ 3,896,317	$ 257,057	$ 19,058,146	$ 13,075,367
Pension & Benefits Pertaining to Customer Accounts Services			$ 1,013,833	$ 55,868	$ 4,288,224	$ 4,309,442
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll			$ 3,896,317	$ 257,057	$ 19,058,146	$ 13,075,367
Employer's Portion of FICA (6.20%) and Medicare (1.45%)			7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA			$ 298,068	$ 19,665	$ 1,457,948	$ 1,000,266

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Virginia Electric and Power Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Maryland			Tennessee
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Kingsport Power
Customer Account Services Cost Pool					
FERC Account Balances:					
Account 903 - Customer Records & Collection (page 322, line 161)		$ 26,325,591	$ 30,683,864	$ 46,795,233	$ 1,473,454
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 2,886,642	$ 6,566	$ -	$ 401
Subtotal		$ 29,212,233	$ 30,690,430	$ 46,795,233	$ 1,473,855
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,173,002	$ 675,718	$ 5,348,590	$ 44,764
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,300,977	$ 561,925	$ 1,108,174	$ 20,029
Total Cost Pool		**$ 39,686,212**	**$ 31,928,073**	**$ 53,251,997**	**$ 1,538,648**
Total Customers (page 304, line 43)		1,221,284	516,058	756,711	47,624
Customer Account Services Expense per Customer		**$ 32.50**	**$ 61.87**	**$ 70.37**	**$ 32.31**

Group Average
$ 326,085,718
11,273,376
$ 28.93

Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 44,787,999	$ 3,579,071	$ 21,362,833	$ 234,574
Total O&M Payroll (page 355, line 65)		$ 164,827,958	$ 38,906,442	$ 57,858,348	$ 1,371,988
Benefits as Percent of Payroll		27.2%	9.2%	36.9%	17.1%
Payroll Applicable to Customer Account Services					
Total Payroll Charged to Customer Accounts Function					
Electric (page 354, line 7)		$ 23,435,975	$ 8,109,529	$ 15,271,688	$ 297,440
Gas (page 354, line 37)		$ 12,007,249	$ 1,431,093		
Total Payroll Charged to Customer Accounts		$ 35,443,224	$ 9,540,622	$ 15,271,688	$ 297,440
Percent Applicable to Customer Accounts Services (903 and 905):					
Account 903 - Customer Records & Collection (page 322, line 161)		$ 26,325,591	$ 30,683,864	$ 46,795,233	$ 1,473,454
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 2,886,642	$ 6,566	$ -	$ 401
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,212,233	$ 30,690,430	$ 46,795,233	$ 1,473,855
Account 902 - Meter Reading Expenses (page 322, line 160)		$ 5,210,641	$ 9,171,909	$ 2,538,291	$ 200,527
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 34,422,874	$ 39,862,339	$ 49,333,524	$ 1,674,382
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	77.0%	94.9%	88.0%
Customer Account Services Portion of Total Payroll		$ 30,078,131	$ 7,345,424	$ 14,485,935	$ 261,818
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,173,002	$ 675,718	$ 5,348,590	$ 44,764
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services					
Customer Account Services Portion of Total Payroll		$ 30,078,131	$ 7,345,424	$ 14,485,935	$ 261,818
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,300,977	$ 561,925	$ 1,108,174	$ 20,029

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VII – Question 4 - Reasonableness of DRS' Cost Allocation Methods

Where possible, DRS directly charges affiliates for the cost of its services. In those instances where direct charging is not possible or practical because more than one affiliate is the recipient of a service, DRS allocated the associated expenses to the benefiting affiliates. Exhibit 19 shows the basis for allocation for each DRS service.

Baryenbruch & Company, LLC evaluated the allocation basis for each DRS cost center by answering following questions:

- Benefit Received – Does Dominion Virginia Power benefit from the cost center's services?
- Fairness of Allocation Bases – Does the basis by which the cost center's expenses are allocated relate to the causation of those expenses?
- Allocation Methods in Accordance with Services Agreement – Where the allocation bases those called for in the current Services Agreement between Dominion Virginia Power and DRS?

Exhibit 20 presents the results of the evaluation. For each of over 290 DRS cost centers that charged Dominion Virginia Power during 2008, the services of those cost centers were found to be pertinent to Dominion Virginia Power, and the allocation methods were found to be reasonable and related to the causation of the allocated expenses. The allocation methods used were also found to be those specified in the current Services Agreement.

Virginia Electric and Power Company
Allocation Bases for DRS Services

Service	Allocation Method
Accounting	• Payroll Accounting - Number of employees on the previous December 31 • Accounts Payable Processing - Number of accounts payable documents processed during the preceding year ended December 31 • Fixed Assets Accounting - Dominion Company fixed assets added, retired or transferred during the preceding year ended December 31 • Accounts Receivable Processing - Number of payments processed during the preceding year ended December 31
Auditing	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Legal and Regulatory Services	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Information Technology	• LDC/EDC Computer Applications - Number of customers at the end of the preceding year ended December 31 • Other Computer Applications - Number of users or usage of specific computer systems at the end of the preceding year ended December 31 • Network Computer Applications - Number of network devices at the end of the preceding year ended December 31 • Telecommunications Applications - Number of telecommunications units at the end of the preceding year ended December 31
Software Pooling	• Number of employees as of the preceding December 31 • Number of mainframe units as of the preceding December 31
Employee Benefits/ Pension Investment	• Number of employee and annuitant accounts as of the preceding December 31
Human Resources	• Number of employees as of the preceding December 31
Operations	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Executive and Administrative	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Business and Operations Services	• Energy Services - Energy sale and deliveries for the preceding year ended December 31 • Facility Services - Square footage of office space as of the preceding year ended December 31 • Fleet Administration - Number of vehicles as of the preceding December 31 • Security - The number of employees as of the preceding December 31 • Gas Supply - Gas volumes purchased for each Dominion Company for the preceding year ended December 31
Exploration and Development	• Not applicable to Dominion Virginia Power
Risk Management	• Insurance premiums for the preceding year ended December 31
Marketing	• Shared Projects - Annual marketing plan expenses for the preceding year ended December 31 • Other Indirect Costs - Total marketing direct and shared project costs billed to each Dominion Company for the preceding year ended December 31

Virginia Electric and Power Company
Allocation Bases for DRS Services

Service	Allocation Method
Medical	• Number of employees on the previous December 31
Corporate Planning	• Total capitalization recorded at preceding December 31
Supply Chain	• Purchasing - Dollar value of purchases for the preceding year ended December 31 • Materials Management - Material inventory assets as of the preceding year ended December 31
Rates	• Total regulated company operating expenses, excluding purchased gas expense, purchased power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Research	• Gross revenues recorded during the preceding year ended December 31
Tax	• Sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.
Corporate Secretary	• Direct bill only, no allocation
Investor Relations	• Direct bill only, no allocation
Environmental Compliance	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Customer Service	• Customer Payment (Remittance) Processing - Number of customer payments processed during the preceding year ended December 31 • Other Customer Services - For metering, the number of gas or electric meters for the preceding year ended December 31, otherwise the number of customers for the preceding year ended December 31
Energy Marketing	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Treasury/Finance	• Treasury and Cash Management - Total capitalization recorded at preceding December 31
External Affairs	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31

Virginia Electric and Power Company
Evaluation of Allocation Methods for DRS Cost Centers

Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Accounting	700217 - Del Corp Acctg Staff	$397,537	Provide income statement variance analysis, account reconciliation support, unclaimed funds monitoring, customer accounting oversight, gas purchase accounting services and management reporting services.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700218 - Controller-DEL/Cons	$406,004	Provides SAP system support for the general ledger and project systems as well as accounting research. Also provides inventory accounting services; miscellaneous billing services; management reporting services and CNG legal reporting	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700220 - Remit Processing	$1,352,072	Provides remittance processing services for all customer bills for Virginia Power, EOG, PNG, and HGI.	Number of Customer Payments	Yes	Yes	Yes
	700322 - Misc Receipts	$243,581	Responsible for all unregulated payment and receipt processing.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702020 - CONTROLLER - DRS	$3,880,631	Perform all accounting activities for DRS and DRI/CNG Holding companies. Perform consolidation function for entire enterprise. Manage SAP master data for entire enterprise. Perform corporate benefit plans accounting. Conduct corporate accounting research activities.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702021 - CONTROLLER - GEN	$348,722	To ensure proper internal controls, excellent customer service and improve processes. Our responsibilities are to ensure the accuracy of transactions recorded to the books and records of the Dominion Energy companies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702022 - FIXED ASSETS	$1,999,159	Develops and maintains Capitalization policies; release, review and closing of capital projects; calculate monthly interest (AFUDC) & depreciation; third party billing and management reporting.	Total additions, retirements and adjustments to fixed assets	Yes	Yes	Yes
	702023 - Energy Controller	$79,314	To ensure proper internal controls, excellent customer service and improve processes. Our responsibilities are to ensure the accuracy of transactions recorded to the books and records of the Dominion Energy companies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702060 - DC Tech Acctg Suppt	$1,150	Prepare all technical accounting, invoicing, disbursement, validation, and reporting activities for physically settled wholesale sales and purchases of power, coal, and emission commodities.	Direct Bill (No Allocation)	Yes	Yes	Yes
	702061 - DC Gen Acct Support	$0	Prepare all accounting, invoicing, disbursement, validation, and reporting activities for physically settled wholesale sales and purchases of power, coal, and emission commodities. Prepare all regulatory reports required for wholesale power transactions.				
	702062 - DC Acct Corp Sv Supp	$2,602	Provide technical support of GAAP issues surrounding energy trading, including implementation of new standards. Perform MTM accounting for all commodities. Perform accounting functions related to broker fees, option premiums and oil settlements.	Direct Bill (No Allocation)	Yes	Yes	Yes
	702063 - DC Engy Acct Support	$144	Provides natural gas cost center information for VPSE for use in VEPCO	Direct Bill (No Allocation)	Yes	Yes	Yes
	702070 - Gen Acctg Supp	$940,549	Perform accounting function for all electric generation and transmission activities of Dominion companies managed by the Energy segment	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702071 - Retail Accounting	$13,755	Provide accounting services for Dominion Retail	Direct Bill (No Allocation)	Yes	Yes	Yes
	702072 - Fuel Acctg Supp	$550,443	Provide accounting services for Dominion Generation segment.	Direct Bill (No Allocation)	Yes	Yes	Yes
Accounts Payable	703345 - ACCOUNTS PAYABLE	$859,116	Develop, maintain and administer Dominion's disbursement policies. Ensure expenditures are in accordance with Dominion's procurement and disbursement policies. Process invoices, disburse funds and record expenditures. Provide expertise to the Dominion companies on disbursement matters.	Number of Invoices	Yes	Yes	Yes
	703346 - AP Doc & Info Cntrl	$435,908	Supply Chain Management Corporate Disbursements document and information control	Number of Invoices	Yes	Yes	Yes
	704030 - A/P- PURCHASING CARD	-$416,806	Develop, maintain and administer Dominion's travel and business expense policies. Process expense reports, disburse funds and record expenditures. Provide expertise to the Dominion companies on disbursement matters.	Accounts Payable - Pcards/Expenses	Yes	Yes	Yes
Auditing	702019 - AUDIT SERVICES	$2,893,360	Perform independent, objective assurance and consulting services with regard to review of internal controls, operations audits, financial audits and system development controls consultation. Performs audits for benefits plans, environmental issues, IT issues and management requests.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Aviation	702047 - AVIATION COMMON	$881,844	Administers Dominion aviation program	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702050 - AV GULFSTRM(N600DR)	$1,199,507	Contains cost of maintaining Gulfstream airplane	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702051 - AVIA HAWKR (N800DR)	$479,209	Contains cost of maintaining Hawker airplane based in Richmond	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702052 - AV Hawker N601DR	$620,393	Contains cost of maintaining Hawker airplane based in Pittsburgh	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702056 - AV HAWKR (N802DR)	$335,875	Contains cost of maintaining Hawker airplane based in Richmond	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
Business Operations	700241 - Dominion Capital	$0	All Dominion Capital staff and business is conducted in this cost center.				
Business Planning	700203 - BUS EXCELLENCE STAFF	$909,477	Manages and Organizes the Six Sigma project to improve the Dominion Companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701223 - BUS PLNG & FIN ANAL	$987,225	Develop growth strategies for Dominion Energy's generation, pipeline, and storage businesses. Develop long-term fundamental electric and natural gas forecasts, perform market analysis, and provide support with asset valuations for both electric generation and natural gas pipeline and storage investments.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701230 - Regulatory Projects	$980,275	Oversee activities for Energy business unit that integrates RTO, market development, asset development & strategic policy development. Develop market design & implement strategies which minimize risks & maximize opportunities that occur during the formation of new electricity markets in MAIN to Maine.	Direct Bill or Allocation (O&M factor)	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Business Planning (cont.)	704081 - Gen Plan & Anal	$241	Support all Generation analysis related to fuel and coordination of long-term capacity and energy positions with corporate views and positions.Coordinate models, analysis and forward price views with BPMA.	Direct Bill (No Allocation)	Yes	Yes	Yes
Corp Communications	700243 - Commun&Editorial	$584,293	Provides executive speechwriting and communications, business media relations, strategic counsel to senior management on public relations/community relations issues and investor relations support.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701221 - Adv, Pub Rel, Cr Svc	$1,830,192	Provides planning and coordinating the dissemination of information through the mass media about the company and its activities. This includes the news media and paid communications through advertising to customers, shareholders and other interested stakeholder groups.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702003 - CREATIVE & GRAPHIC	$531,547	Provides strategic direction, management and execution of Dominion's brand through corporate identity, brand positioning and consulting. Responsible for design, execution and production of the annual report and for communications to customers through customer bills. Provides a full range of print and visual media from simple to complex including design, execution & production management.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702004 - MEDIA RELATIONS	$1,623,944	Provides all external communications activities and products for the electric side of Dominion. This includes new releases, standby statements, speeches, bill inserts, flyers, direct mail newsletters and other media relations products, as well as creating and maintaining relationships with key national, state and local reports.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702005 - MEDIA RELATIONS-GAS	$1,274	Provides corporate information to national news media and coordinate public relations throughout the natual gas side of the business.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702012 - EMP COMMUNICATIONS	$873,873	Coordinates and produces electronic and print publications that are distributed to company employees and retirees to keep them informed about the relevant company and industry issues. Employee Communications also organizes video presentations and live meetings to facilitate internal communications.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702013 - CORP COMMUNICATION	$110,567	Provides internet communications development and application; media and community relations support; shareholder publications writing and productions, and other special projects.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Corporate Planning	700204 - F&BS - Svc Co	$41,416	Provides financial, forecasting and budget support for Gas LDC's.	Capitalization	Yes	Yes	Yes
	701537 - DRS - Nuc F&BS	$752,608	Nuclear security, background checks, administer fitness for duty program	Direct Bill (No Allocation)	Yes	Yes	Yes
	702028 - FIN ANAL & PLAN-DRS	$302,969	Provides merger and acquisition analysis; Consolidation of corporate budget and 5 year plan. Also performs investment analysis and analysys support of large capital projects.	Capitalization	Yes	Yes	Yes
	702029 - FIN ANAL - GENRTN	$326,722	Provides financial analysis support and acquisition and diversity analysis for the Energy business.	Capitalization	Yes	Yes	Yes
	702030 - FIN ANAL-DEL/CS & EP	$1,875	Provides financal analysis support for the Exploration & Producing (E&P) side of the business. Also provide acquisition and diversity analysis of the E&P business.	Direct Bill (No Allocation)	Yes	Yes	Yes
	702129 - FIN ANAL - DEL/TRANS	$53,240	Provides financial analysis support and acquisition and diversity analysis for the delivery and transmission areas of the Energy business.	Capitalization	Yes	Yes	Yes
	704005 - GENERATION F&BS	$339,476	Oversees the Finance area of the GenerationBusiness	Capitalization	Yes	Yes	Yes
	704080 - Fin Mgmt - Asset Rep	$168,526	Manages Dominion's Six Sigma Program and Mergers & Acquisitions	Capitalization	Yes	Yes	Yes
	704098 - Gen Fin Plan & Analy	$1,184,503	Provide financial and analytical support for Generation's operations, business development activities, and environmental strategy.	Capitalization	Yes	Yes	Yes
	704099 - Portfolio Management	$192,098	The Green House Gas (GHG) Offsets provides expertise and services to create green house gas offsets and for all Dominion entities. Environmental Trading executes trades in support of Dominion's assets. Energy Trading Meteorology provides weather forecasting that benefits the marketing and hedging of Dominion's assets. Quantative Strategies provides analysis in support of asset hedging.	Capitalization	Yes	Yes	Yes
	704105 - ENERGY - F&BS	$34,405	Support development of Dominion Energy's 5yr plan, forecasting, & other financial planning within Gas Transmission, Gas Distribution, Appalachian E&P, and Producer Services, including Six Sigma Management.	Capitalization	Yes	Yes	Yes
	704205 - DRS F&BS - Svc Co	$618,076	Provide budget and financial analysis for the Service Company areas of operation	Capitalization	Yes	Yes	Yes
Corporate Secretary	703282 - CORP SECRETARY MGT	$46,417	Responsible for Board of Director parent company and all subsidiary corporate matters including record keeping and compliance filing.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703283 - Corporate Governance	$0					
Customer Service	700320 - CPS R&R	$1,328,395	Resolve all unposted payments and respond to customer inquiries involving payment processing.	Number of Customer Payments	Yes	Yes	Yes
	700321 - CPS Admin	$793,407	Responsible for all administrative activities for Mail Inserting, US Mail Payments, Research and Resolution, 3rd Party Payments, and Misc. Receipt Processing.	Number of Customer Payments	Yes	Yes	Yes
	700323 - Call Ctr Mgt	$771,315	Monitor capital and O&M business activities in call centers in all Delivery Companies	Number of Customer Payments	Yes	Yes	Yes
Emp Benefits/Pension	700877 - Benefits	$1,389,684	Provides benefits design, benefits administration, and benefits budgeting services for all Dominion Employees	Headcount	Yes	Yes	Yes
	701674 - DRS BENEFIT PLANS	$0					
Energy Marketing	704014 - DRS Price-Structure	$292,086	Provide support services for market origination and pricing functions for coal, electric, gas and oil commodity trading	Direct Bill (No Allocation)	Yes	Yes	Yes
	709122 - TWPG - ENT RISK MGT	$478,880	Provides oversight, analysis and planning for all Dominion physical and financial trading activities. Trading Compliance team monitors trading activities of all authorized traders to ensure strict adherence to Dominion trading policies and procedures, and monitors and records the market value of all of Dominion's trading obligations daily. Credit Management team evaluates counterparty financial exposure limits and performs contract administration. Risk Systems and Analysis team provides front office trading support, mark-to-market and value-at-risk measurement, market origination support and risk mgt reporting, as well as advising mgt as to the effectiveness of risk mediation strategies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Environmental	700208 - DRS Clarksburg	$31,943	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700209 - DRS Cleveland	$56,442	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700210 - Envir Pol & Complian	$691,467	Set environmental policy and ensure that policy is met	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700211 - Envir Oil	$539,966	Ensure environmental compliance for oil sites	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704024 - Environmental - DENE	$40,937	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704025 - ENVIR-GENERAL STAFF	$1,794,165	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704026 - Environ Lab Svcs	$1,151,844	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704027 - ENVIR-BIOLOGY	$1,370,976	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704045 - DRSN-MLSTN ENV MGMT	$2,459	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704046 - DRSN-MILLSTONE ENVIR	$13,074	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704047 - DRSN-MLLSTNE HAZ WST	$20	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704048 - DRSN-M S ENV-PROG GP	$2,731	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704082 - New Projects	$721,116	Activity for specific projects will be charged to a specific "Capital Project." Other miscellaneous charges such as employee training will be allocated to geneeration (company wide).	Direct Bill (No Allocation)	Yes	Yes	Yes
Executive/Admin	700100 - CHIEF EXEC OFFICER	$5,132,425	Responsible for overseeing Dominion Resouces	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700102 - CHAIRMAN OF BOARD	$11,439	Responsible for overseeing Dominion Resouces	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700142 - FIN ANAL & PLAN-EXEC	$332,545	Oversees financial analysis and planning for the consolidated companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700205 - GAS DISTR EXEC	$0	Oversees the gas distribution side of Delivery Business				
	700228 - DRS RETAIL EXEC	$0	Oversees Dominion Retail operations				
	700229 - Gas & Elec Engy Exec	$155,933	Oversees transmission for the Energy Business	Direct Bill (No Allocation)	Yes	Yes	Yes
	700240 - Dominion Captal-Exec	$0	Oversees Dominion Capital operations				
	700460 - AUDIT SVCS EXEC	$389,646	Oversees Auditing services for all of Dominion to insure compliance with procedures.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700575 - TAX EXECUTIVE	$497,689	Oversees Tax Departments for compliance of Federal, State and International laws for all of Dominion	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700577 - EXTERNAL AFFAIR EXEC	$2,921,401	Oversees External Affairs and Corporate Communications (which includes Federal, State, and Local legislators) & all Dominion media relations.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700806 - HR EXECUTIVE	$529,360	Oversees HR issues related to employee and labor relations for the Service company and for the entire company.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700832 - TREASURY EXECUTIVE	$1,167,723	Oversees all Treasury departments. Covering Finance and Cash Management.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700888 - CHIEF ACTG OFFICER	$1,056,740	Oversees accounting for all Dominion companies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700890 - Chief Admin Officer	$879,728	Oversees Service Company HR, IT, Shared Services and Stockholder Services.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701260 - DomEngy Clmghs Exec	$0	Oversees the clearinghouse gas trading/portfolio management operations and the field services operations				
	701675 - DRS SUPPLMNTL BFIT	$127,856	Service company benefits - Executive	Allocated within DRS before billing	Yes	Yes	Yes
	701720 - CHIEF INFO OFFICER	$774,799	Oversees all Dominion IT functions (hardware and software).	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702000 - Generation Executive	$2,377,676	Oversees the operation of Energy Companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702044 - SHARED SERVICES EXEC	$432,883	Oversees the Shared Service department of Dominion, including Supply Chain, Fleet, Remittance Processing, and Facilities	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702901 - Generation DRS Elim	$1,593,432	Benefit Accounting adjustments for DRS non-managed groups	O&M expenses excluding cost of sales items (generation only)	Yes	Yes	Yes
	702902 - Energy DRS Elim	$0	Benefit Accounting adjustments for DRS non-managed groups				
	702903 - Delivery DRS Elim	$282,223	Benefit Accounting adjustments for DRS non-managed groups	O&M expenses excluding cost of sales items (delivery only)	Yes	Yes	Yes
	702904 - Producing DRS Elim	$0	Benefit Accounting adjustments for DRS non-managed groups				
	703233 - LEGAL SERVICES EXEC	$883,960	Oversees all Dominion Legal issues (inhouse and out)	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703274 - EXEC - DELIVERY	$2,932,914	Oversees the operation of Delivery Companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Executive/Admin (cont.)	703281 - CORP SECRETARY EXEC	$16,514	Oversees Dominion stockholder services and Corporate Secretary function	Direct Bill (No Allocation)	Yes	Yes	Yes
	703498 - CHIEF FINANCIAL OFFR	$2,837,163	Oversees the Service Company operations and is the Chief Financial Officer of Dominion	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704000 - DRS Finl Mgt Exec	$577,316	Oversees financial management for the Service company.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704001 - ELEC DISTRIB EXEC	$4,519,318	Oversees Electric Distribution - Delivery Operations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704002 - Regulation Exec	$1,266,403	Oversees all Dominion generating assets.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704003 - Reg & Int Plang Exec	$4,336,618	Oversees Bulk Sales for Energy	Direct Bill (No Allocation)	Yes	Yes	Yes
	704004 - FIN EXEC DELIVERY	$765,142	Oversees the Finance area of the Delivery Business	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704006 - CHIEF ENVIR OFFICER	$351,754	Oversees Dominion Environmental Services to assure compliance with all applicable environmental laws and regulations.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704008 - NUCLEAR EXEC CORP	$3,338,393	Oversees the Nuclear business in Energy	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704009 - PORTFOLIO MGT EXEC	$193,598	Oversees Portfolio Management, Energy Market Services, and Field Services				
	704012 - BUS DEV & GEN CONST	$1,062,129	Executive and Administrative support for new business development & generation construction department	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704018 - FOS & HYD EXEC	$2,044,442	Oversees all F&H plants for the Energy Business	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704019 - NUCLEAR EXEC SURRY	$1,730,242	Oversees operation of Surry Nuclear Plant	Direct Bill (No Allocation)	Yes	Yes	Yes
	704020 - NUCLEAR EXEC N_ANNA	$1,265,591	Oversees operation of North Anna Nuclear Plant	Direct Bill (No Allocation)	Yes	Yes	Yes
	704021 - Regulatory Fed Exec	$254,852	Oversees operation of Dominion's regulated transmission operations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704029 - MILLSTONE EXECUTIVE	$0	Oversees operation of Millstone Nuclear Plant				
	704062 - Gas & Elec Del Exec	$1,206,624	Delivery Executives	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704085 - Business Plang Exec	$550,352	Provide Business Planning and Market analysis for all Dominion companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704129 - Exec Site VP - DEK	$0	Executive & Administrative services for the Kewaunee Power Plant				
External Affairs	700237 - Legislative Outreach	$831,123	Provides operating company support - constituent complaint management; community outreach in support of local operations; management of local charitable giving activity enhancing the quality of life in the communities in which we operate; local permit and ordinance administration; political participation in local government activities and promote positive company image.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700244 - DRS Gas Philnthrpy	$151,950	Responsible for directing and managing Dominion Foundation and Philanthropy programs for the corporation. Oversee giving programs in all regions for all companies. Provide support to Officers and senior management on various community and corporate relations activities/initiatives (primarily in PA)	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700578 - State & Federal Affr	$133,389	Provides Gederal, State and Local advocacy support and education as well as developing and maintaining professional relationships with policy makers, elected officials, staff and opinion leaders. Also includes PAC and grassroots support and overall departmental coordination.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700581 - COMMUNITY AFFAIRS	$1,085,480	Provide a positive public perception of the company, through (1) Philanthropic Programs (EnergyShare, Fan Care, Volunteers, (2) Information Programs (Educational Outreach, Grass roots, Speakers Forumand Tours) and (3) Constituency Programs (African American Leadership Series, Executive Roundtables, Special Events).	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701676 - FEDERAL AFFAIRS	$1,146,228	Track and draft legislation which affects all aspects of Dominion. Lobby to pass postive legislation or kill adverse legislation. Serve as liaisons to officials who are decision makers for legislation and/or regulations which affect Dominion. Market Dominion to provide a better understanding of who Dominion is and what we do.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701677 - DT I State & Local	$32,824	Build and maintain relationships with local and state elected officials. Provide a visible presence within Dominion's franchised service area.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701678 - MA STATE & GOVT AFF	$233,122	Develop responsible public policy positions to enhance the company's competitive position, e.g. increase revenues and reduce expenses. Also provide critical policy analysis of issues and trends afecting Dominion's business strategies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702006 - NE State+Local Affrs	$37,303	Provides service to the organization by focusing on state legislative actions, state regulatoy rulemakings, permitting, project coordination and political action committee coordination/solicitation. Also provides extensive knowledge of the business along with proactively seeking bottom line savings to the organization, builds and maintains relationships as well as providing community involvement.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702007 - CORP PUB POLICY	$1,041,736	Coordinator of State and Local Gov't Affrs & Corp Public Policy. Will also house the services of the Polical Affairs Mgr (CRG).	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702014 - CORP PHILANTHROPY	$1,063,838	Provide services in support of corporation strategies for managing relations with federal, state, and local government and agencies. Responsible for administering the corporate contributions program.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702016 - INTERNET COMM	$628,760	Creation and maintenance of www.dom.com	O&M - All VP Companies	Yes	Yes	Yes
	703287 - DRS NUC PUB AFRS	$1,965	Handle public relations, government and regulatory affairs for nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	704068 - MW Comm Affrs StLoc	$51,402	Build and maintain relationships with local and state elected officials. Provide a visible presence within Dominion's franchised service area.	Direct Bill (No Allocation)	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Facilities	700230 - DRS FAC MGMT-NORTH	$247,460	Provide management of the building maintenance and building-related project support for buildings located in various companies in Ohio, Penn, and West Virginia.	Square Footage	Yes	Yes	Yes
	700231 - DRS FMN - Contr/Proj	$433,557	Provide building maintenance and building-related project support for buildings located in various companies in Ohio, Penn, and West Virginia.	Square Footage	Yes	Yes	Yes
	703221 - FACILITIES MGMT	$581,574	Provide management of the building maintenance, property management, and security functions across the entire enterprise	Square Footage	Yes	Yes	Yes
	703225 - REAL ESTATE - DRS	$184,867	Provide property management services (lease/sublease management and property sales) across the entire enterprise	Square Footage	Yes	Yes	Yes
	704031 - R/E DRS PROPERTIES	$14,705	Not service related. This includes direct costs for DRS buildings (lease payments, depreciation, etc).	Determined by receiving department cost allocation method	Yes	Yes	Yes
	704037 - DRS Facilities-Rich	$21,431	Provide building maintenance and building-related project support for the Tredegar Street Complex. This includes direct costs for DRS buildings (lease payments, depreciation, etc).	Determined by receiving department cost allocation method	Yes	Yes	Yes
	704090 - DRS Tred Bldg VPEM	$0	Capture VPEM allocated costs from the DEC cost pool				
	704091 - DRS Tred Bldg DEMI	$0	Capture DEMI allocated costs from the DEC cost pool				
	704092 - DRS Tred Bldg CNGR	$0	Capture CNGR allocated costs from the DEC cost pool				
	704093 - DRS DEC Tred VPET	$0	Capture VPET allocated costs from the DEC cost pool				
	704094 - DRS DEC Tred CNGT	$0	Capture CNGT allocated costs from the DEC cost pool				
	704095 - DRS DEC Tred DTECH	$0	Capture DTECH allocated costs from the DEC cost pool				
	704137 - DRS Facilities-Hang	$127,665	Provide building maintenance and building-related project support for the Richmond Hanger.	Direct Bill or Allocation (O&M factor)	Yes	Yes	Yes
	704237 - DRS Facil-ProjCont	$13,204	Provide building maintenance and building-related project support for the Tredegar Street Complex.	Square Footage	Yes	Yes	Yes
Fleet Mgt	702045 - DRS FLEET S&S	$817,621	Provides management/oversight to the Fleet Management function across the entire enterprise. Includes Fleet Systems support, Management of the the acquisition/disposal function including vehicle specifications, and oversight of the maintenance function.	Number of Vehicles	Yes	Yes	Yes
	702054 - FLEET-DRS (NO LABOR)	$0	M4 ENTRY	Allocated within DRS before billing			
Generation Business Development	700011 - BUS DEVELOPMT	$2,455	Grow the Company's earnings through the development and acquisition of power generating stations.	Direct Bill (No Allocation)	Yes	Yes	Yes
	704069 - Bus Dev - Nuclear	$25,151	Nuclear project support for new business development and generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704086 - Const Fin Mgmt & Con	$1,623,335	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704087 - Gen Dev - Bus Devel	$399,876	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704104 - Bus Dev- Renewables	$51,521	Renewables project support for new generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
Generation Business Operations	700035 - DRSN - NUC OVERSIGHT	$2,388,050	Audit nuclear sites to insure compliance with procedures	Direct Bill (No Allocation)	Yes	Yes	Yes
	700920 - DRSN-RECORDS MGMT	$1,157,775	Provide records management support to nuclear and fossil & hydro	Direct Bill (No Allocation)	Yes	Yes	Yes
	701454 - DRSF - F/H(Inact)	$1,121	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701510 - DRSN-NUC LIC/OPS SUP	$2,513,983	Provide licensing and operational support to insure compliance with local, state and federal laws; interact with NRC	Direct Bill (No Allocation)	Yes	Yes	Yes
	701512 - DRSN -EMERGENCY PLAN	$929,943	Maintain the nuclear EP program, interact with local, state and federal emergency organizations to insure compliance with emergency plans, run drills, maintain EP facilities	Direct Bill (No Allocation)	Yes	Yes	Yes
	701516 - DRSN - NUC TRAINING	$2,550,359	Oversee nuclear training program (initial, requalification, and special programs), develop course work and training materials, insure compliance with nuclear training requirements	Direct Bill (No Allocation)	Yes	Yes	Yes
	701524 - DRSN - NUC FLT INTEG	$919,912	Provide licensing and operational support to insure compliance with local, state and federal laws; interact with NRC	Direct Bill (No Allocation)	Yes	Yes	Yes
	701527 - DRSN - EMP CONCERNS	$462,464	Identify and resolve safety and compliance issues a Dominion's nuclear stations.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701532 - DRSN - ADMIN SVCS	$926,486	Director of nuclear security and emergency preparedness functions	Direct Bill (No Allocation)	Yes	Yes	Yes
	701534 - DRSN-ACCESS SERVICES	$1,281,463	Nuclear security, background checks, administer fitness for duty program	Direct Bill (No Allocation)	Yes	Yes	Yes
	701865 - DRSN-NUC ORG EFF	$294	Provide direction for the move of the nuclear business to a deregulated environment	Direct Bill (No Allocation)	Yes	Yes	Yes
	703038 - DRSN - NUC FUEL PROC	$1,828,865	Purchase uranium and oversee the processing of nuclear fuel	Direct Bill (No Allocation)	Yes	Yes	Yes
	703173 - DRSF - OPE(Inact)	$869	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703174 - DRSF - OUTAGE PLANNG	$3,377,317	Perform all operations and maintenance activities for VPREG assets mainly based on outage schedules.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703175 - DRSF-F&H (Inact)	$58	Provide overall system asset management services for both capital & expense for VP approvals.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703178 - DRSF - EMISSIONS MON	$2,626,291	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703179 - DRSF - F&H(Inact)	$1,787	Provide system ash, coal surveying, lime cost savings	Direct Bill (No Allocation)	Yes	Yes	Yes
	703184 - DRSF - Tech Svc Supp	$1,322,914	Oversee daily F&H System Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703185 - DRSF-Tech Svc OpSupp	$1,555,396	Oversee daily F&H System Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703186 - DRSF - Inactive	$43,275	Engineering construction to modify existing systems to utilize new synthetic fuel in place of coal	Direct Bill (No Allocation)	Yes	Yes	Yes
	703187 - DRSF-Proj Mgmt	$2,888,314	Provides process improvement, configuration management & business development support for F&H System stations	Direct Bill (No Allocation)	Yes	Yes	Yes
	704013 - DRS GEN PROJ MGT	$29	Perform all engineering services for Virginia Power & Dominion Energy Inc. assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	704050 - DRSF-CC PROJ UNREG	$0	Perform all project management & engineering services for combined cycle CT projects for VPDEI assets.				
	704052 - DRSF-F&H EXEC ADMIN	$297,603	Perform all long term planning & cost evaluations for new & replacement projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	704064 - DRSN-NUC SPEC PROJ	$578,319	Oversee all regulated and unregulated nuclear six sigma projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	704067 - DRSF-STA OPER MGT	$190,590	O&M Management/consulting to Merchant/System stations	Direct Bill (No Allocation)	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Generation Human Resources	701460 - DRSF - F&H TRAINING	$3,567,335	Provide training to all areas of Fossil & Hydro. In some cases, this group trains other business areas, but will direct bill in those circumstances.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703296 - DRSF - F&H SAFETY	$1,132,791	Provide safety awareness to all areas of Fossil & Hydro. In some cases, this group trains other business areas, but will direct bill in those circumstances.	Direct Bill (No Allocation)	Yes	Yes	Yes
Generation Operations	700485 - DRSN -CIVIL ENG	$1,084,573	Provide general civil engineering support to nuclear sites	Direct Bill (No Allocation)	Yes	Yes	Yes
	700486 - DRSN-NPD SPS ICUP	$1,687,255	Manage the Surry I&C computer upgrade projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	700487 - DRSN -ENG MECHANICS	$1,735,591	Provide general engineering support to nuclear sites on mechanical systems	Direct Bill (No Allocation)	Yes	Yes	Yes
	700496 - DRSN -ELEC ENG/I & C	$2,046,488	Provide general engineering support for I&C computers at nuclear sites	Direct Bill (No Allocation)	Yes	Yes	Yes
	700497 - DRSN - CONFIG CONTRL	$1,000,494	Maintain MOV/AOV program	Direct Bill (No Allocation)	Yes	Yes	Yes
	700499 - DRSN Nuc Spent Fuel	$901,233	Management of nuclear spent fuel and spent fuel storage facilities	Direct Bill (No Allocation)	Yes	Yes	Yes
	700501 - DRSN-NUC SAFETY M&M	$1,496,801	Provide engineering support for overall nuclear fuel safety	Direct Bill (No Allocation)	Yes	Yes	Yes
	700502 - DRSN -CORE DESIGN II	$2,016,345	Reactor engineers, maintain integrity of the reactor core design	Direct Bill (No Allocation)	Yes	Yes	Yes
	700503 - DRSN-FUEL PERF ANAL	$644,612	Monitor fuel performance, determine assemblies to be replaced during refueling outages	Direct Bill (No Allocation)	Yes	Yes	Yes
	700504 - DRSN -NUC SPENT FUEL	$961,251	Track used fuel, manage spent fuel storage facilities at nuclear sites, resolve storage issues	Direct Bill (No Allocation)	Yes	Yes	Yes
	700528 - DRSN -DESIGN DIR ADM	$564,320	Oversee all design engineering functions	Direct Bill (No Allocation)	Yes	Yes	Yes
	701156 - DRSN -NUC ANAL/FUEL	$996,265	Oversee nuclear fuel program	Direct Bill (No Allocation)	Yes	Yes	Yes
	701161 - DRSN - PPA APPS	$1,279,935	Nuclear Predictive Risk Analysis Support	Direct Bill (No Allocation)	Yes	Yes	Yes
	701456 - DRSF - F/H PROJ SUPP	$2,271,629	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701623 - DRSN-NPD TURB/RPUP	$2,889,274	Provide engineering support for the turbine upgrade and reactor power uprate projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	701649 - DRSN-PRA Models	$1,011,931	Nuclear Predictive Risk Analysis Support	Direct Bill (No Allocation)	Yes	Yes	Yes
	701650 - DRSN-MECH ENG/PROC	$1,911,450	Provide general engineering support for process systems at nuclear sites	Direct Bill (No Allocation)	Yes	Yes	Yes
	701651 - DRSN-NUC ENG ADMIN	$1,805,875	Oversee nuclear engineering program	Direct Bill (No Allocation)	Yes	Yes	Yes
	701830 - DRSN-CONFIG MGMT	$5,335	Develop, implement and maintain UFSAR, and EDS/Q-list programs	Direct Bill (No Allocation)	Yes	Yes	Yes
	701831 - DRSN-NUCLEAR DBD	$1,493,514	Develop, implement and maintain nuclear design basis documents	Direct Bill (No Allocation)	Yes	Yes	Yes
	701832 - DRSN-Dir Nuc Eng Prg	$1,811,388	Address engineering issues that were identified during 2003 INPO evaluation.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701833 - DRSN-NUCLEAR PROGMS	$791,614	Provide engineering support on valve, motor, etc programs.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701850 - DRSN-NUC PROJS DEPT	$334,074	Director of nuclear projects department, oversee all large nuclear projects, project cost control and estimating	Direct Bill (No Allocation)	Yes	Yes	Yes
	701852 - DRSN-NPD CIVIL/MECH	$0	Provide engineering support for large civil and mechanical capital and O&M projects at nuclear sites				
	701853 - DRSN-NPD PROJECTS	$137,032	Manage nuclear license renewal projects - North Anna and Surry, Millstone, Surry ISFSI	Direct Bill (No Allocation)	Yes	Yes	Yes
	701854 - DRSN-NPD ELEC/I&C PR	$61,191	Provide lead engineering support on all electrical and I&C projects for nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	701855 - DRSN-NPD CIVIL/MECH	$139,608	Provide lead engineering support on all civil/mech projects for nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	701856 - DRSN-NPD PROJ CTLS	$864,210	Provide project cost estimating and reporting assistance to nuclear engineering groups	Direct Bill (No Allocation)	Yes	Yes	Yes
	701860 - DRSN-EARLY SITE PERM	$984,939	Evaluate sites for new nuclear construction	Direct Bill (No Allocation)	Yes	Yes	Yes
	703172 - DRSF - SYSTEM SUPP	$2,710,407	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703175 - DRSF-F&H	$0	Provide overall system asset management services for both capital and expense for VP approvals				
	703176 - DRSF - SYSTEM ENG	$2,267,203	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703179 - DRSF - F&H	$0	Provide system ash, coal surveying, lime cost savings				
	703180 - DRSF - ENGINEERING	$413,718	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703181 - DRSF - ELECTR I & C	$5,381,613	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703182 - DRSF - BOP SYSTEMS	$1,549,589	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703183 - DRSF - ENGR ENVIRON	$1,169,420	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703186 - DRSF	$0	Engineering and construction to modify existing systems to utilize new synthetic fuel in place of coal				
	703188 - DRSF - F&H GEN PROJ	$809,226	Engineer and build new coal facility in Southwest Virginia	Direct Bill (No Allocation)	Yes	Yes	Yes
	704088 - F&H Con- Engineering	$615,609	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704089 - Comb Turb & Renew	$1,013,735	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
General Services	703211 - DRS Off Svc Mgt	$170,657	Provide management/oversight to various general services functions across the enterprise, including Printing Services, Mailing Services, and Records Management	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703214 - DRS DOCUMENT SVCS	$1,151,913	Provide printing services across the entire enterprise.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703226 - DRS MAIL	$446,116	Provide mailing services (except Inserting) across the entire enterprise -- excludes customer bills.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703227 - INSERTING - DRS	$10,247,339	Provides inserting & mailing services for all customer bills for Virginia Power, EOG, PNG, and HGI.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704036 - DRS Records Mgt	$206,631	Provides oversight & management of the Records Management function across the entire enterprise.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704043 - DRS FORMS & PROC	$182,669	Provides support across the entire enterprise for company forms and procedures.	O&M expenses excluding cost of sales items	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Human Resources	700807 - Staffing	$2,985,216	Manages recruiting, staffing programs, Affirmative Action compliance program, and employee testing programs.	Headcount	Yes	Yes	Yes
	700808 - DRS HR Support	$904,201	Supports all of DRS management and employees in attracting, retaining, and motivating workforce. Ensure that DRS is in compliance with laws and regulations	Headcount	Yes	Yes	Yes
	700824 - HR Planning Admin	$797,968	Provide HR Planning dept support & administrative services, Six Sigma resources and project management	Headcount	Yes	Yes	Yes
	702001 - Compensation	$518,549	Manages corporate pay policy, salary structure, and incentive program development and administration for all Dominion	Headcount	Yes	Yes	Yes
	702002 - Exec Compensation	$0	Provide design, development and administration of executive compensation & benefit programs & employment agreements				
	702733 - Total Comp Admin	$193,242	Provides Mergers, Acquisitions, and Divestiture HR coordination for Dominion.	Headcount	Yes	Yes	Yes
	703243 - Employee Relations	$988,122	Responsible for Policy Development and Interpretation, investigate employee/management concerns, including possible violations of labor laws.	Headcount	Yes	Yes	Yes
	703244 - Employee Services	$480,998	Oversee administration of FML, STD, LTD, Workers' Comp and EAP programs and insure compliance with Federal Drug and Alcohol Programs (OSHA, DOT, NRC). Manage the Employee Service Center.	Headcount	Yes	Yes	Yes
	703245 - Workforce Admin	$337,192	Perform data analysis and track performance metrics. Overall dept administration and mgmt.	Headcount	Yes	Yes	Yes
	703246 - DOM VP Admin	$349,866	Supports Gas and Electric Delivery management and employees in HR policy administration.	Headcount	Yes	Yes	Yes
	703250 - Talent Management	$620,488	Provides leadership learning and development opportunities, consulting services focusing on team and business unit effectiveness, and employee performance management tools, and facilitates succession planning,	Headcount	Yes	Yes	Yes
	704053 - HR Dom Generation	$643,066	Supports all Generation (merchant and non-merchant) mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704054 - HR Dom Energy	$38,860	Supports all Energy mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704055 - HR F&H Generation	$1,004,635	Supports all merchant and regulated Fossil and Hydro Generation mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704056 - HR Nuclear Generatio	$1,034,577	Supports all merchant and regulated Nuclear Generation mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704057 - HR Communications	$178,677	Prepare & distribute all communications to employees on HR-related topics. Communications strategy/planning and change management support within HR and for business unit leadership and employees.	Headcount	Yes	Yes	Yes
	704058 - HR Del Elec Oper	$947,621	Supports Electric Transmission & Distribution mgt and employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704059 - HR East Ohio Gas	$590	Supports EOG management and employees in HR policy administration.	Direct Bill (No Allocation)	Yes	Yes	Yes
	704060 - Divestiture Support	-$45,748	There were some billings to VP affiliates (using HR.Alloc1 so why is the amount charge to the VP affiliates a credit? Is this cost center trued up with other HR cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704066 - Business Performance	$435,128	Develop HR metrics for business productivity and effectiveness, and manager HR data integrity.	Headcount	Yes	Yes	Yes
	704070 - Gas Labor Relations	$28,774	Conduct labor negotiations and track costs of labor practices for gas affiliates	Headcount	Yes	Yes	Yes
	704071 - HR Dom VP Cust Svc	$603,601	Supports Dominion Virginia Power management and employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704072 - Loc 50 Labor Reln	$1,091,325	Conduct labor negotiations and track costs of labor practices for VA Power Local 50	Headcount	Yes	Yes	Yes
	704073 - Merc Labor Relations	$5,705	Conduct labor negotiations and track costs of labor practices for the Generation Merchant Plant companies.	Headcount	Yes	Yes	Yes
	704074 - WF Diversity/Plang	$390,271	Provide enhanced focus on employee diversity in support of the business units; manage the support of the business units for workforce planning research & best practice identification; take a leadership role with external organizations	Headcount	Yes	Yes	Yes
Information Technology	700221 - IT Virginia Powr T&D	$15,613,617	Labor and expenses for the support of Customer Service, Electric Distribution, Electric Transmission, and Retail	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701264 - CORP TELECOM	$4,181,314	Labor and expenses for operations and maintenance of the telecommunications department.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701703 - IT BUS ACT-ADMIN/MGT	$1,808	Labor and expenses for the support of Application Systems	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701704 - IT Enterprise Svcs	$5,101,228	Labor and expenses for the support of Enterprise Applications (Web Services, General Applications, Business Intelligence)	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701705 - IT BUS ACCT - GEN	$6,887,490	Labor and expenses for the support of the Generation BU	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701707 - Production Control	$1,039,398	Labor and expenses for Production Control and Change Management	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701708 - IT Strategy	$805,809	Labor and expenses including consultants, for individuals who manage architecture and standard products	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701709 - NETWORK RELIAB	$0	Labor, hardware, and software expenses to provide improved and reliable network services.				
	701710 - Enterprise Tech Sys	$2,543,222	Labor and expenses for major network and computing software and hardware.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701711 - IT Cust Svc & Retail	$5,987,755	Labor and expenses for the support of the Retail Business	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Information Technology (cont.)	701712 - NETWORK OPERATIONS	$3,996,077	Labor and expenses for operations of Wide Area Network, including network command center				
	701713 - NETWORK OPERS CTR	$1,981,600	24x7 IT Network monitoring, troubleshooting, and dispatch. Primary contact for major internal customers such as SOC, Gas Control, ROC's, CCS	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701714 - ITBA - ENERGY	$2,762,969	Labor and expenses for managers, employees, and projects assigned to the business units of ITBA Energy. Business units are Dominion E&P, Clearinghouse, Gas Transmission, and Gas Delivery	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701730 - IT RISK MGMT	$2,161,500	Labor and expenses for IT Security Policy, Change/Problem Management, SAP Security and Business Resumption Planning	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701843 - ENTERPRISE ADMIN/MGT	$245,291	Labor and expenses for managers and directors who manage the enterprise operations and network	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701994 - HELPLINE SUPPORT	$1,172,126	Labor and expenses including contractors for the corporate IT Helpdesk	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	702035 - IT END USER ACCTS	$702,698	Staff of employees who provide user computer accounts administration and manage wireless services vendors	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	702041 - IT BUS ACCT - E&P	$486	Labor and expenses for TSA support associated with the E&P Divestiture				
	703012 - LAN GROUP ACTIVITIES	$7,117,078	Labor and expenses for all desktop support and local area network operations.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703254 - MAINFRAME SYS ADMIN	$5,608,901	Labor, hardware, and software expenses to design, upgrade, and tune the mainframe	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703289 - DATA SERVICES	$2,562,517	Labor and expenses for central database management, data management, web and middleware management	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703357 - DISTR SYS ADMIN	$6,308,909	Total cost of ownership including labor, leases, depreciation of over 1400+ servers	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703359 - IT ASSET MGMT	$7,291,931	Hardware and software management including leasing program for all desktop, laptop and PC peripherals that are used by 17000 Dominion employees	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703385 - IT Enterprise System	$5,421,535	Labor and expenses for the support of Enterprise Applications (SAP, HR Systems, Lotus Notes, etc)	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703386 - Notes Solution Ctr	$930,936	Supports enterprise electronic mail and calendar services, including web mail access and instant messaging functionality.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703640 - IT Process Systems	$882,506	Captures hardware, software, and labor costs for Enterprise applications specifically supporting the SAP application	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
Investor Relations	702034 - INVESTOR RELATIONS	$63,117	Responsible for maintaining communications between the Company and the entire Investment Community. In doing so, Investor Relations directly support senior management by keeping abreast of current equity market conditions and works with other departments in preparing material used to communicate to the investment community through various means.	Direct Bill (No Allocation)	Yes	Yes	Yes
Legal	703234 - LEGAL SERVICES	$6,713,991	Provides legal advice to all of the Dominion companies, including Dominion Services. Legal services addresses all matters typically confronted by a large corporation with both regulated and unregulated business units.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Operations	700214 - Gas Supply Area Acqu	$0	Responsible for gas supply planning, gas procurement, scheduling, nominations and regulatory support for the three LDCs. Develop and execute comprehensive short and long term plans dealing with appropriate levels of gas supply.				
	704079 - Conservatn Load Mgt	$1,173,147	Design, develop & evaluate conservation load management programs at the corporate level	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704083 - Integr Resource Pln	$1,904,701	Develop corporate level plans that integrate capacity options, transmission, and CLM programs in support of regulatory & strategic initiatives	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Other	704039 - DRS FAC COST POOL	$0	Collects DRS facilities costs that are assessed to DRS cost centers				
	704040 - DRS INFRASTRUCT COST	$0	Collects DRS infrastructure costs that are assessed to DRS cost centers				
	704139 - DRS DEC BLDG	$0	Tredegar St. DEC building Cost Pool				
	709901 - DRS COMMON	$7,118,322	Collects miscellaneous expenses (vacation accruals, ST incentive accruals, etc.). Assess to DRS service cost centers	Allocated based on associated services	Yes	Yes	Yes
Payroll	703348 - Payroll	$1,169,000	Provides payroll administration and information for all Dominion Companies. Prints all checks for Payroll, A/P, Rental payments, Customer Refunds.	Headcount	Yes	Yes	Yes
Procurement	702043 - SCM DRS Sourcing	$449,015	Supply Chain Management Sourcing activiites for all non-IT groups				
	702048 - SUPP CH DEL SUPP	$500,542	Provides strategic sourcing; tactical procurement; inventory management and tracking; field logistics and order fulfillment; transportation services; rubbers goods management; transformer and switch refurbishment; hazardous and excess materials disposal for DOMVP.	Value of Purchases	Yes	Yes	Yes
	702049 - SUPP CH STRAT SRCG	$654,444	Develop & implement sourcing strategies to meet the business ojectives of all operating groups and corporate functions.	Value of Purchases	Yes	Yes	Yes
	702053 - SCM IT Sourcing	$443,767	Supply Chain Management Sourcing for IT groups	Value of Purchases	Yes	Yes	Yes
	703190 - SUPP CH GEN SUPP	$465,640	Advise and assist Dominion Energy in the procurement of materials, supplies and services, conduct purchase negotiations, prepare procurement agreements, and administer programs of material control	Value of Purchases	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Procurement (cont.)	703191 - SCM Gen Central Src	$2,852,221	Advise and assist Dominion Energy in the procurement of materials, supplies and services, conduct purchase negotiations, prepare procurement agreements, and administer programs of material control	Value of Purchases	Yes	Yes	Yes
	703192 - SCM Gen FH Src	$113,791	Procure materials, supplies, and services and manage inventories for FH Operations	Value of Purchases	Yes	Yes	Yes
	703193 - SCM Gen Vend Surv	$642,482	Support procurement of materials, supplies, and services through procurement engineering and vendor surveillance activities.	Value of Purchases	Yes	Yes	Yes
	703194 - SUPP CH GEN SURRY	$193,146	Manage inventories and provide materials quality inspection activities for Nuclear Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703195 - SUPP CH GEN NANNA	$777	Manage inventories and provide materials quality inspection activities for Nuclear Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703196 - SCM Gen Nuc Sourcing	$539,089	Procure materials, supplies, and services, manage inventories and provide material quality inspection activities for Nuclear Operations.	Value of Purchases	Yes	Yes	Yes
	703197 - SCM Elec TD Procure	$889,219	Procure materials, supplies, and services for Elec Trans & Distr	Value of Purchases	Yes	Yes	Yes
	703198 - SCM INVEST RECOV	$467,835	Provide investment recovery activiities for DomVP, Generation and Gas LDCs.	Value of Purchases	Yes	Yes	Yes
	703199 - SCM Gen DNC Mgt	-$106	Procurement activities supporting Generation Nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	703201 - SCM Gen Proc Eng	$1,705,672	Procurement engineering activities supporting Generation Nuclear	Value of Purchases	Yes	Yes	Yes
	703202 - SCM Gen Inv Mgt	$836,537	Inventory management activities supporting Generation	Value of Purchases	Yes	Yes	Yes
	703203 - SCM E-Commerce	$0	Develop and implement Supply Chain Management E-Commerce Applications				
	703204 - SCM Supp Diversity	$575,464	Manage minority vendors	Value of Purchases	Yes	Yes	Yes
	703205 - SCM Gen DEK Sourcg	$0	SCM General sourcing - Kewaunee				
	703206 - SCM D Gas Mtl Ops	$0	Procure materials for the 3 gas LDCs				
	703207 - SCM D Gas Prd Matl	$0	Procure materials for the 3 gas LDCs				
Rates	704075 - DRS Rates Regulation	$38,291	Oversee Dominion's rate and regulatory activites at FERC. Respond to FERC inquiries. Prepare Dominion's rate and certificate applications.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704076 - Pricing & Regulatory	$0	Addressing pricing & Regulatory issues				
	704077 - Reg Compliance	$2,395,407	Virginia Power cost of service study based on historic information, and support for all regulated affiliate rate filings & audits by regulatory bodies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704084 - Reg Case Mgt/Comm'n	$1,209,089	Manage regulatory proceedings internally, and communicate information about these proceedings to all Dominion stakeholders.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Risk Management	700720 - CRO - Risk Managemt	$126,936	Responsible for Dominion's company-wide risk management function that will include risk identification, assessment, analysis, monitoring, communication and reporting.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700722 - Corporate Risk	$496,382	Manage property & casualty, liability, and D&O insurance programs across the organization.	Insurance Premiums	Yes	Yes	Yes
	702033 - CLAIMS	$1,205,213	Administer all Insurance Claims for Dominion	Insurance Premiums	Yes	Yes	Yes
	704061 - Corp Risk Engr	$620,161	Oversee ways to control or reduce property claims within all of Dominion	Insurance Premiums	Yes	Yes	Yes
Security	703212 - Security - BGI	$876,184	Provide Background Investigations and Library/Research activities across the entire enterprise.	Headcount	Yes	Yes	Yes
	703240 - Security - MGR	$302,566	Provides management/oversight across the entire enterprise for security-related issues	Headcount	Yes	Yes	Yes
	704032 - Security - PHY	$1,184,257	Provides physical security support (contract guards, technical assistance for security equipment) across the entire enterprise	Headcount	Yes	Yes	Yes
	704035 - Security - INV	$583,124	Provides investigative services across the entire enterprise, excluding background investigations.	Headcount	Yes	Yes	Yes
	704078 - Security Compliance	$524,351	Physical security mandated by regulatory requirements-reporting requirements for these activities	Headcount	Yes	Yes	Yes
Shareholder Services	702015 - SHAREHOLDER ADMIN	$0	Administer the Company's direct stock purchase Plan (Dominion Direct), perform Transfer Agent and Registrar functions and provide record keeping services to 181,000 registered shareholders.				
Software Pooling	709902 - DRS Applicn Software	$3,026,825	Contains depreciation of application software. Assess to all DRS billing cost centers based on number of Employee ID's.	EIDs	Yes	Yes	Yes
	709905 - DRS Mainfrm Software	$262,640	Contains depreciation of mainframe software. Assess to all DRS billing cost centers based on number of mainframe units.	Mainframe units	Yes	Yes	Yes
Tax	702024 - CORPORATE TAXATION	$3,232,605	Responsible for all tax compliance and research (excluding payroll & certain benefit plan reporting) for all Dominion affiliates, for all federal, state and local tax audits, and for total income tax accounting.	Tax Return Income & Deductions	Yes	Yes	Yes
	702025 - TAX RESEARCH	$464,456	Responsible for providing technical tax research related to special projects and business strategies including mergers, acquisitions, divestitures as well as executive compensation and benefit issues.	Tax Return Income & Deductions	Yes	Yes	Yes
	702027 - TAXATION - E&P	$40,813	Responsible for all tax compliance and research (excluding payroll taxes and certain benefit plan reporting) for the Dominion E&P group of companies. Assist with all federal, state and local tax audits of the E&P affiliates. Coordinates income tax accounting for the E&P affiliates.	Tax Return Income & Deductions	Yes	Yes	Yes
Travel Services	702046 - TRAVEL SERVICES	$783,821	Administer & maintain travel services policy for all Dominion companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Treasury	700242 - Asset Management	-$166,259	Manage all investments related to retirement plans and nuclear decommissioning	Capitalization	Yes	Yes	Yes
	700833 - Corporate Finance	$1,528,296	Responsible for Financing capital spending and acquisitions, liability management, bank and rating agency relationships.	Capitalization	Yes	Yes	Yes
	702031 - Short Term Debt Mgt	$61,250	Manages issuance of commercial paper	Capitalization	Yes	Yes	Yes
	702032 - Treasury Cash Mgmt	$1,288,882	Manages daily funding of operations and short term investments	Capitalization	Yes	Yes	Yes
		$350,456,982					

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Governance Practices Associated With DRS Charges

Several management practices exist to ensure that DRS charges to Dominion Virginia Power are appropriate. The most important of these approval and monitoring activities are described below.

Budget Process

Every year, DRS prepares a 5-year spending plan, the first two years of which show spending by month for each DRS cost center. The budgeting process begins in mid-July with each DRS cost center manager developing his/her unit's budget. A significant factor in each cost center's budget is the discussions that occur between DRS cost center managers and their affiliate operating unit (*e.g.*, Dominion Virginia Power) customers regarding the level and nature of future services they will require. After cost center budgets have been prepared, they are subjected to DRS management review and approval through September. During September, affiliate operating units are formally presented with their portion of DRS' proposed budget. Affiliates review and approve their DRS budget after considering the levels of services they require from DRS.

Variance Analysis Process

On a monthly basis, DRS Financial & Business Services and DRS Accounting analyze and explain material variances from budget. This variance analysis is applied as follows:

- DRS' income statement line item
- Billings by each of DRS' 26 service categories
- Billings by affiliate (*e.g.*, Dominion Virginia Power)

Dominion Virginia Power's own variance analysis process requires material variances between budget and actual DRS charges be researched and explained.

Affiliate Review of DRS Monthly Bills

Every month, a bill is rendered by DRS to each affiliate customer. An email is sent to Dominion Virginia Power segment controllers notifying them the DRS bill is available for review on the third business day of the month following the applicable billing month. According to corporate policy, inter-company invoices will not be paid until they have been reviewed and approved by the affiliate being billed.

The bill provides sufficient detail for Dominion Virginia Power to use in its variance analysis process. Dominion Virginia Power personnel also have the ability to drill down into SAP's transaction detail to identify and scrutinize the source of charges from DRS cost centers.

After Dominion Virginia Power controllers review their portion of the Dominion Virginia Power bill, they notify DRS Accounting of their approval or any disputes. If the bill is not disputed by the 25th day of the month, the invoice is released for payment.

Cost Allocation Manual

DRS maintains an Accounting Policy and Cost Allocation Manual (CAM) that documents the process by which it assigns costs to affiliate customers. Baryenbruch & Company, LLC's review of the CAM found it to be a comprehensive reference document that provides thorough directions

to DRS personnel responsible for assigning expenses to Dominion Virginia Power. DRS' cost allocation methodologies comply with governing requirements in the CAM.

Virginia Electric and Power Company

Market Cost Comparison for Charges from Dominion Resources Services, Inc. and Other Affiliates during the Year Ended December 31, 2008

Baryenbruch & Company, LLC

Virginia Electric and Power Company
Market Cost Comparison for Charges from
Dominion Resources Services, Inc. and Other Affiliates
during the Year Ended December 31, 2008

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I – Introduction

Purpose of This Study

This study was undertaken to determine the reasonableness of Virginia Electric and Power Company's ("Dominion Virginia Power" or the "Company") charges from Dominion Resources Services, Inc. ("DRS") and other affiliates for services provided during 2008. Reasonableness was determined by answering the following four questions:

1. Are service-related affiliate charges to Dominion Virginia Power reasonable compared to other utility service companies?

2. Did affiliates provide services to Dominion Virginia Power at the lower of cost or market during 2008?

3. Is the cost of DRS' customer accounts services comparable to those of other utilities?

4. Are DRS' cost allocation methods reasonable?

Study Results

Concerning question 1, the following conclusions were reached:

- DRS and other affiliates provide Dominion Virginia Power with services similar to those provided by other utility service companies.

- DRS' cost per Dominion Virginia Power customer is reasonable and favorable as compared to the cost per customer for similar utility service companies. Dominion Virginia Power was charged an average of $145 per customer by DRS, approximately 16% lower than an average of $172 per customer for comparison group service companies. This determination was based on service company information included in Form 60, which must be annually filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies. The comparison is based on data from 2007, the latest year for which Form 60 information is currently available.

Concerning question 2, the following conclusions were reached:

- Affiliate services were provided to Dominion Virginia Power during 2008 at the lower of cost or market.

- On average, the hourly rates for outside service providers are 55% higher than comparable hourly rates charged by Dominion Virginia Power's affiliates.

- If all of the managerial and professional services now provided by its affiliates had been outsourced in 2008, Dominion Virginia Power and its customers would have incurred $167 million in additional expenses.

- Affiliates' charges do not include any profit markup. Only the actual cost of the service provided is being charged and proposed for recovery from Dominion Virginia Power customers.

Concerning question 3, cost of DRS' customer accounts services is well below the average of the neighboring electric utility comparison group. During 2007, Dominion Virginia Power's customer

accounts cost per customers was $19.52, or more than 32% below the comparison group's 2007 average of $28.93.

Regarding question 4, DRS' methods for allocating expenses to affiliates such as Dominion Virginia Power are both reasonable and related to the causation of the allocated expenses. For each of over 290 DRS cost centers that charged Dominion Virginia Power during 2008, the services of those cost centers were found to be necessary for a utility like Dominion Virginia Power to operate. The cost allocation methods employed during 2008 are in accordance with the current DRS Services Agreement dated January 1, 2003, which has been approved by the Virginia State Corporation Commission ("Commission").

Other important factors were noted that evidence the care with which DRS expenses are assigned to affiliates such as Dominion Virginia Power. These include the following:

- Governance Practices Associated With DRS Charges – Several management practices are in place to ensure that DRS' charges to Dominion Virginia Power are appropriate. These include DRS' budgeting and variance analysis processes, and the scrutiny given to DRS' monthly bill by Dominion Virginia Power personnel.

- Cost Allocation Manual – DRS maintains an Accounting Policy and Cost Allocation Manual (CAM) that documents the process by which it assigns costs to affiliate customers. Baryenbruch & Company, LLC's review of the CAM found it to be a comprehensive reference document that provides thorough directions to DRS personnel responsible for assigning expenses to Dominion Virginia Power. DRS' cost allocation methodologies comply with governing requirements in the CAM.

Overview of Dominion Resources, Inc.

Dominion Resources, Inc. ("DRI") is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,500 megawatts of generation; 1.2 trillion cubic feet equivalent of proved natural gas and oil reserves; 14,000 miles of natural gas transmission, gathering, and storage pipeline; and 6,000 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage facility with 975 billion cubic feet of storage capacity, and serves retail energy customers in 12 states.

DRI is organized into three operating business segments and one corporate/non-operating segment, as described below.

Segment	Business Lines
Dominion Virginia Power – operates regulated electric distribution and transmission facilities in most of Virginia and northeastern North Carolina and provides electric service to nearly 2.4 million customers in the two-state area	• Electric Transmission • Electric Distribution • Energy and Related Products and Services in Competitive Retail Markets
Dominion Generation – operates DRI's fleet of regulated and merchant power plants	• Utility Power Production • Merchant Power Production
Dominion Energy – operates regulated natural gas distribution, transmission, and storage businesses, included regulated liquefied natural gas (LNG) operations; also operates DRI's Appalachian-based natural gas and oil exploration business and producer services	• Natural Gas Transmission • Natural Gas Distribution • Natural Gas Storage • Gas and Oil Exploration and Production; Production Services
Corporate – Various other businesses not related to the above three major segments	

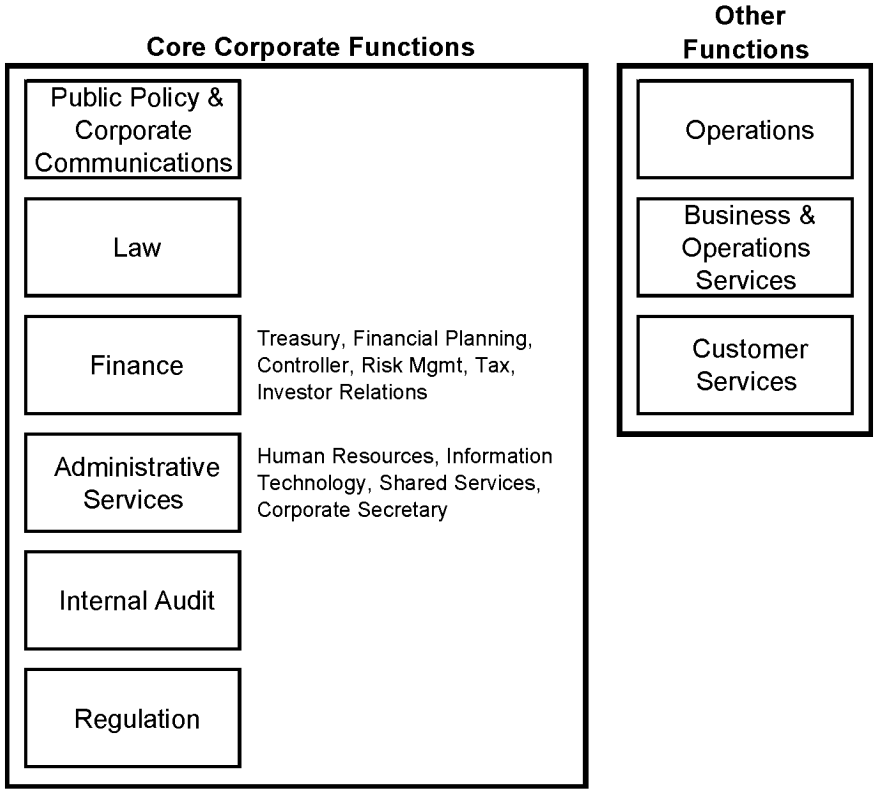
Source: Dominion 2007 Annual Report; 4Q08 Earnings Release Kit

Overview of Affiliates Providing Services to Dominion Virginia Power

During 2008, Dominion Virginia Power was billed approximately $397 million for services provided by affiliates. As shown in the table below, the large majority of these services came from DRS.

Affiliate	2008 Service-Related Charges
Dominion Resources Services, Inc.	$ 350,456,982
Dominion Energy Inc.	$ 2,230,822
Dominion Energy Kewaunee Inc.	$ 76,003
Dominion Nuclear Connecticut Inc.	$ 353,077
Dominion Technical Solutions, Inc.	$ 37,220,958
Dominion Transmission Inc.	$ 737,386
VP Energy Marketing Inc.	$ 5,369,631
East Ohio Gas Company	$ 418,769
Total Affiliate Charges	**$ 396,863,627**

DRS was incorporated on October 14, 1999 to provide affiliate companies with the services described in Exhibit 1. Exhibit 2 lists the affiliate entities served by DRS. DRS is organized into the following major functional groups. As of December 31, 2008, DRS had 3,285 employees.



DRS is defined as a "centralized service company" and is regulated by FERC. The current Services Agreement between DRS and Dominion Virginia Power is dated January 1, 2003 and designates that DRS provide services at cost. The Commission approved the current Services Agreement in an order dated December 29, 1999 and required that DRS provide services to Dominion Virginia Power at the lower of cost or market. DRS has followed the Commission's lower of cost or market guideline.

Occasionally, DRS receives services from other DRI affiliates. Dominion Virginia Power has a services agreement with DRS dated January 1, 2003, that specifies it will be compensated for those services at cost. However, since the Commission's December 29, 1999 order applies to these transactions, services from other DRI affiliates are also provided at the lower of cost or market.

DRS' Cost Assignment Process

DRS utilizes a work order system (work orders are referred to internally as "projects" or "WBS Elements") by which to accumulate and distribute expenses in a fair and equitable manner to all affiliates that benefit from its services. Time records are maintained for all service company employees to support the costs that are assigned to each affiliate. DRS' costs are assigned in their entirety and no residual profit or loss remains on the books.

Virginia Electric and Power Company
Description of DRS Services

Service	Service Description
Accounting	Provide advice and assistance to Dominion Companies in accounting matters, including the development of accounting practices, procedures and controls, the maintenance of the general ledger and related subsidiary systems, the preparation and analysis of financial reports, and the processing of certain accounts such as accounts payable, accounts receivable and payroll.
Auditing	Periodically audit the accounting records and other records maintained by Dominion Companies and coordinating their examination, where applicable, with that of independent public accountants. The audit staff will report on their examination and submit recommendations, as appropriate, on improving methods of internal control and accounting procedures.
Legal and Regulatory Services	Provide advice and assistance with respect to legal and regulatory issues as well as regulatory compliance, including PUHCA 2005 authorizations and compliance and regulatory matters under other with Federal and State laws.
Information Technology	Provide the organization and resources for the operation of an information technology function including the development, implementation and operation of a centralized data processing facility and the management of a telecommunications network. This function includes the central processing of computerized applications and support of individual applications in Dominion Companies. Develop, implement, and process those computerized applications for Dominion Companies that can be economically best accomplished on a centralized basis.
Software Pooling	Accept from Dominion Companies ownership of and rights to use, assign, license or sublicense all software owned, acquired or developed by or for Dominion Companies which Dominion Companies can and do transfer or assign to it. Preserve and protect the rights to all such software to the extent reasonable and appropriate under the circumstances; license Dominion Companies, on a non-exclusive, no-charge or at-cost basis, to use all software which DRS has the right to sell, license or sub-license; and, at the relevant Dominion Companies' expense, permit Dominion Companies to enhance any such software and license others to use all such software and enhancements to the extent that DRS shall have the legal right to so permit.
Employee Benefits/ Pension Investment	Provide central accounting for employee benefit and pension plans of Dominion Companies. Advise and assist Dominion Companies in the administration of such plans and prepare and maintain records of employee and company accounts under the said plans, together with such statistical data and reports as are pertinent to the plans.
Human Resources	Advise and assist Dominion Companies in the formulation and administration of human resources policies and programs relating to the relevant Dominion Companies' labor relations, personnel administration, training, wage and salary administration and safety.
Operations	Advise and assist Dominion Companies in the study, planning, engineering and construction of energy plant facilities of each Dominion Company and of the Dominion Companies as a whole, and advise, assist and manage the planning, engineering (including maps and records) and construction operations of Dominion Companies. Develop long-range operational programs for all the Dominion Companies and advise and assist each such Dominion Company in the coordination of such programs with the programs of the other Dominion Companies.

Virginia Electric and Power Company
Description of DRS Services

Service	Service Description
Executive and Administrative	Advise and assist Dominion Companies in the solution of major problems and in the formulation and execution of the general plans and policies of Dominion Companies. Advise and assist Dominion Companies as to operations, the issuance of securities, the preparation of filings arising out of or required by the various Federal and State securities, business, public utilities and corporation laws, the selection of executive and administrative personnel, the representation of Dominion Companies before regulatory bodies, proposals for capital expenditures, budgets, financing, acquisition and disposition of properties, expansion of business, rate structures, public relationships and other related matters.
Business and Operations Services	Advise and assist Dominion Companies in all matters relating to operational capacity and the preparation and coordination of operating studies. Manage Dominion Companies' purchase, movement, transfer and accounting of fuel and gas volumes. Compile and communicate information relevant to company operation. Perform general business and operations support services, including business, plant and facilities operation, maintenance and management, travel, aviation, fleet and mail services.
Exploration and Development	Advise and assist Dominion Companies in all geological and exploration matters including the acquisition and surrender of acreage and the development of underground storage facilities. [note: Dominion Virginia Power is not charged for any of these services]
Risk Management	Advise and assist Dominion Companies in securing requisite insurance, in the purchase and administration of all property, casualty and marine insurance, in the settlement of insured claims and in providing risk prevention advice.
Marketing	Plan, formulate and implement marketing programs, as well as provide associated marketing services to assist Dominion Companies with improving customer satisfaction, load retention and shaping, growth of energy sales and deliveries, energy conservation and efficiency. Assist Dominion Companies in carrying out policies and programs for the development of plant locations and of industrial, commercial and wholesale markets and assist with community redevelopment and rehabilitation programs.
Medical	Direct and administer all medical and health activities of Dominion Companies. Provide systems of physical examination for employment and other purposes and direct and administer programs for the prevention of sickness.
Corporate Planning	Advise and assist Dominion Companies in the study and planning of operations, budgets, economic forecasts, capital expenditures and special projects.
Supply Chain	Advise and assist Dominion Companies in the procurement of real and personal property, materials, supplies and services, conduct purchase negotiations, prepare procurement agreements and administer programs of material control.
Rates	Advise and assist Dominion Companies in the analysis of their rate structure in the formulation of rate policies, and in the negotiation of large contracts. Advise and assist Dominion Companies in proceedings before regulatory bodies involving the rates and operations of Dominion Companies and of other competitors where such rates and operations directly or indirectly affect Dominion Companies.

Virginia Electric and Power Company
Description of DRS Services

Service	Service Description
Research	Investigate and conduct research into problems relating to production, utilization, testing, manufacture, transmission, storage and distribution of energy. Keep abreast of and evaluate for Dominion Companies all research developments and programs of significance affecting Dominion Companies and the energy industry, conduct research and development in promising areas and advise and assist in the solution of technical problems arising out of Dominion Companies' operations.
Tax	Advise and assist Dominion Companies in the preparation of Federal and other tax returns, and generally advise Dominion Companies as to any problems involving taxes including the provision of due diligence in connection with acquisitions.
Corporate Secretary	Provide all necessary functions required of a publicly held corporation. Coordinate information and activities among shareholders, the transfer agent, and Board of Directors. Provide direct services to security holders. Prepare and file required annual and interim reports to shareholders and the SEC. Conduct the annual meeting of shareholders and ensuring proper maintenance of corporate records.
Investor Relations	Provide fair and accurate analysis of DRI and its operating subsidiaries and its outlook within the financial community. Enhance Dominion's position in the energy industry. Balance and diversify shareholder investment in Dominion through a wide range of activities. Provide feedback to Dominion and its operating subsidiaries regarding investor concerns, trading and ownerships. Hold periodic analysts meetings, and provide various operating data as requested or required by investors.
Environmental Compliance	Provide consulting, cleanup, and other activities as required by Dominion Companies to ensure full compliance with applicable environmental statutes and regulations.
Customer Service	Provide services and systems dedicated to customer service, including billing, remittance, credit, collections, customer relations, call centers, energy conservation support and metering.
Energy Marketing	Provide services and systems dedicated to energy marketing, including marketing and trading of energy commodities, and energy price risk management and development of marketing and sales programs in physical and financial markets.
Treasury/Finance	Provide services related to managing all administrative activities associated with financing, including management of capital structure; cash, credit and risk management activities; investment and commercial banking relationships; oversight of decommissioning trust funds and general financing activities.
External Affairs	Provide services in support of corporate strategies for managing relationships with federal, state and local governments, agencies and legislative bodies. Formulate and assist with public relations, advertising, and external/internal communications programs and with the administration of corporate contribution and community affairs programs.

Exhibit 2

Virginia Electric and Power Company
Affiliates Served By DRS

Entity Suffix	Entity Description	Legal Segment	Billing Segment
CNGC	CNG Coal Company	DRI	Corporate
CNGF	Dominion Field Services, Inc.	DRI	Energy
CNGIR	CNG Iroquois, Inc.	DRI	Energy
CNGP	Dominion Exploration and Production, Inc.	DRI	Energy
CNGPS	Dominion Products & Services, Inc.	DRI	Dominion Virginia Power
CNGR	Dominion Retail Services Company	DRI	Dominion Virginia Power
CNGT	Dominion Transmission, Inc.	DRI	Energy
DALH	Dominion Alliance Holdings, Inc.	DRI	Dominion Virginia Power
DBRAY	Dominion Energy Brayton Point	DEI	Generation
CDI	Dominion Capital, Inc. (DCI)	DCI	Corporate
DCOVE	Dominion Cove Point LNG, LP	DRI	Energy
DEIBD	DEI Business Development	DEI	Generation
DEK	Dominion Energy Kewaunee	DEI	Generation
DELCO	Dominion Elwood	DEI	Generation
DEMI	Dominion Energy Marketing	DEI	Generation
DENE	Dominion Energy New England	DEI	Generation
DETCI	Dominion Energy Terminal Co.	DEI	Generation
DFAIR	Dominion Fairless	DEI	Generation
DGBR	Dominion Greenbrier, Inc.	DRI	Energy
DGLLC	Dominion Greenbrier Pipeline LLC	DRI	Energy
DKINC	Dominion Kincaid, Inc.	DEI	Generation
DLI	Dominion Lands, Inc.	DLI	Corporate
DMANCH	Dominion Energy Manchester Street, Inc.	DEI	Generation
DMORG	Dominion Cogen WV, Inc. (Morgantown)	DEI	Generation
DNC	Dominion Nuclear Connecticut	DEI	Generation
DNNA	Dominion Nuclear North Anna	DEI	Generation
DOES	Dominion Ohio ES Inc.	DRI	Dominion Virginia Power
DRCT	Dominion Resources Capital Trust	DRI	Corporate
DRI	Dominion Resources, Inc. (Parent Company)	DRI	Corporate
DSALEM	Dominion Energy Salem Harbor	DEI	Generation
DSTATE	Dominion State Line	DEI	Generation
DTECH	Dominion Technical Solutions, Inc.	DRI	Dominion Virginia Power
DTSI	DTSI Dominion Telecom Services, Inc.	DRI	Corporate
EOG	EOG East Ohio Gas Company	DRI	Energy
TIOGA	TIOGA Properties, LLC	DRI	Energy
VPCU	Dominion Credit Union	VP	Corporate
VPCUST	VP Customer Service	VP	Dominion Virginia Power
VPD	VP Distribution	VP	Dominion Virginia Power
VPEM	VP Energy Marketing	VP	Energy
VPEMC	VPEM Corporate Enterprise	VP	Corporate
VPEME	VPEM Energy	VP	Energy
VPEMG	VPEM Generation	VP	Generation
VPES	VP Energy Services	VP	Generation
VPET	VP Electric Transmission	VP	Dominion Virginia Power
VPFOS	VP Fossil & Hydro	VP	Generation
VPM	VP Metering	VP	Dominion Virginia Power
VPNS	VP Nuclear Services (VPNS)	VP	Generation
VPNUC	VP Nuclear	VP	Generation
VPOG	VP Other Generation	VP	Generation
VPP	VP Properties	VP	Generation
VPS	VP Services (VPS)	VP	Generation
VPSE	VP Services Energy (VPSE)	VP	Generation
VPTCAP	Telecom Capital Work (Special)	VP	Corporate
HOPE	Hope Gas, Inc.	DRI	Corporate
PNG	Peoples Natural Gas Company	DRI	Corporate

III - Affiliate Cost Comparison Approach

During the 12 months ended December 31, 2008, Dominion Virginia Power was billed approximately $397 million by affiliates for services provided by affiliates (Dominion Virginia Power was also charged by affiliates for various non-service expenses). These charges were evaluated in connection with this study's four questions, as shown in the table below.

		Study Question			
Affiliate	2008 Service-Related Charges	1 - Reasonableness	2 - LCM Pricing	3 - Cust Acct Svcs Benchmarking	4 - Allocation Methods
Dominion Resources Services, Inc.	$ 350,456,982	X	X	X	X
Dominion Energy Inc.	$ 2,230,822	X			
Dominion Energy Kewaunee Inc.	$ 76,003	X			
Dominion Nuclear Connecticut Inc.	$ 353,077	X			
Dominion Technical Solutions Inc.	$ 37,220,958	X	X		
Dominion Transmission Inc.	$ 737,386	X			
VP Energy Marketing Inc.	$ 5,369,631	X			
East Ohio Gas Company	$ 418,769	X		X	
Total Affiliate Charges	**$ 396,863,627**				

The first question—are affiliate charges for services reasonable—was answered by comparing Dominion Virginia Power's affiliate charges per customer to those of utility service companies that file a FERC Form 60 – Annual Report of Service Companies. This comparison was made with 2007 Form 60 data, the latest year Form 60 data is available (the filing deadline for the Form 60 is May 1st).

This study's second question—whether affiliates' services were provided to Dominion Virginia Power during 2008 at the lower of cost or market—was determined by comparing the cost per hour for managerial and professional services provided by affiliate personnel, to hourly billing rates that would be charged by outside providers of equivalent services. Affiliates' costs per hour were based on actual charges to Dominion Virginia Power during the 12 months ended December 31, 2008. Outside providers' billing rates came from surveys or other information from professionals that could perform the services now provided by DRS.

The third question—whether DRS customer services charges were comparable to other utilities—was addressed by comparing Dominion Virginia Power's customer accounts services expenses to those of neighboring electric utilities. This approach was selected because the costs of outside providers of call center services are not publicly available. However, electric utility customer account services expenses can be readily obtained from FERC Form 1 data. The availability and transparency of FERC data adds to the validity of its use in this comparison. The comparison was made using 2007 data, the latest year for which FERC Form 1 data is available (the filing deadline for FERC Form 1 is April 18th).

The fourth question—whether DRS' cost allocation methods are reasonable—was answered by evaluating the basis by which each of the 293 DRS cost centers' charges to Dominion Virginia Power during 2008 were assigned. Reasonableness was determined when the allocation methods were related to the causation of the allocated expenses by cost centers providing services to Dominion Virginia Power. The allocation methods used in 2008 were also verified to

be those specified in the current Services Agreement between DRS and Dominion Virginia Power.

Dominion Virginia Power's Service Company Cost Per Customer

During the 12 months ended December 31, 2007, Dominion Virginia Power was charged $343 million by affiliates that provided it with various services. That equates to $145 per Dominion Virginia Power customer per year, as calculated below. This is the per customer cost that will be compared to the cost of other utility service companies.

Affiliate	2007
Dominion Resources Services, Inc.	$ 311,085,408
Dominion Energy Inc.	$ 1,535,781
Dominion Energy Kewaunee Inc.	$ 102,778
Dominion Nuclear Connecticut Inc.	$ 1,394,720
Dominion Retail Inc.	$ 1,633
Dominion Technical Solutions Inc.	$ 25,792,927
Dominion Transmission Inc.	$ 3,328
VP Energy Marketing Inc.	$ 2,753,010
East Ohio Gas Company	$ 351,031
Total Charges from Affiliates	$ 343,020,616
Dominion Virginia Power Customers (A)	2,362,318
Cost Per Customer	**$ 145**

Note A: Represents the number of retail (regulated) customers. Comparison group service company per customer costs are also based on the number retail customers served.

Comparison Group Cost Per Customer

Every centralized service company in a holding company system must file a Form 60 in accordance with Section 1270 of the Public Utility Holding Company Act of 2005, Section 390 of the Federal Power Act, and 18 C.F.R. §366.23. This report is designed to collect financial information from service companies that are subject to regulation by FERC.

DRS files a Form 60. Twenty-two other utility holding companies filed a Form 60 for 2007. All but two were considered for inclusion in the comparison group. The service company for PNM Resources, Inc. was excluded because its total 2007 service company cost per regulated utility customer was a negative amount, clearly an anomaly. This result is likely due to the unique manner by which PNM's service company expenses are reported on Form 60. Duke Energy was also excluded from the comparison group because one of its two service companies was not required to provide data for its Form 60. Thus, it was not possible to develop Duke's consolidated service company cost per customer for 2007.

The remaining twenty services companies were screened to develop a comparison group that is appropriately similar to Dominion Virginia Power. Two criteria were used to narrow this group:

- Proportion of Retail Electric Service – Dominion Virginia Power provides only electric service. The majority of service companies are owned by parents of utility companies that provide a combination of retail electric and gas service. The nature of service company services can differ between electric and gas service functions. In order to have a close alignment to Dominion Virginia Power, the service companies of utility companies with 90% or more electric customers were considered for comparison group inclusion.
- Number of Customers – Total retail customers of utilities served by the 20 service companies varies significantly from 115,000 for Unitil to 6,700,000 for National Grid. In

order to ensure a similar degree of complexity and breadth to that of Dominion Virginia Power, only utility companies with more than 1 million retail customers were considered for inclusion in the comparison group.

Exhibit 3 shows how 9 service companies were ultimately selected for the comparison group. Exhibit 4 compares the categories of services provided by DRS and the comparison group service companies.

Operating and maintenance expenses charged to utility affiliates for comparison group service companies were obtained from Schedule XVII – Schedule of Expense Distribution by Department or Service Function (P. 305 to 305c) of each entity's FERC Form 60. This schedule shows charges by category of service (*e.g.*, accounting, information technology) and type of cost (*e.g.*, labor, benefits, outside services). The following were eliminated from the comparison group's total expenses because they are not in DRS' 2008 charges to Dominion Virginia Power:

- Income taxes (account 409), provision for deferred income taxes (account 410), provision for deferred income taxes – credit (account 411), and investment tax credit (account 411.5)
- Donations (account 426.1)
- Interest on long-term debt (account 427), interest on debt to associate companies (account 430), and other interest expense (account 431)

Comparison group service company 2007 expenses were also adjusted to remove charges to non-retail affiliates from the cost pool used to calculate the cost per regulated service customer. This determination was made using information from FERC Form 60's schedule Account 457 – Analysis of Billing – Associate Companies.

Shown in the table below is the calculation of each comparison group service company's cost per retail customer. 2007 affiliate service-related charges to Dominion Virginia Power were $145 per customer compared to the comparison group's average of $172. Exhibit 5 shows graphically that Dominion Virginia Power's 2007 affiliate cost per customer is almost 16% or $27 per customer lower than the comparison group average.

Utility Service Company	Retail-Related Service Company Expenses	Total Retail Customers	Cost Per Customer
Progress	$351,126,895	3,100,000	$ 113
FirstEnergy	$511,129,366	4,500,000	$ 114
Exelon	$692,160,758	5,880,000	$ 118
PHI	$317,770,893	1,910,000	$ 166
Northeast	$356,196,611	2,101,000	$ 170
AEP	$928,871,896	5,191,000	$ 179
Southern Co	$940,731,642	4,377,000	$ 215
Entergy	$732,652,863	2,700,000	$ 271
Allegheny	$541,807,275	1,565,000	$ 346
Comparison Group Total	$5,372,448,199	31,324,000	$ 172
Dominion Virginia Power	$343,020,616	2,362,318	$ 145

Virginia Electric and Power Company
Selection of Utility Service Company Comparison Group

Utility	Retail Customers Electric	Gas	Total	Percent Electric	≥ 90% Electric	Over 1M Customers
AEP	5,191,000	-	5,191,000	100%	Yes	Yes
Allegheny	1,565,000	-	1,565,000	100%	Yes	Yes
Alliant	981,000	410,000	1,391,000	71%		
Ameren	2,400,000	1,000,000	3,400,000	71%		
Black Hills	105,000	33,000	138,000	76%		
E-On	908,000	318,000	1,226,000	74%		
Energy East	2,014,000	976,000	2,990,000	67%		
Entergy	2,700,000	-	2,700,000	100%	Yes	Yes
Exelon	5,400,000	480,000	5,880,000	92%	Yes	Yes
FirstEnergy	4,500,000	-	4,500,000	100%	Yes	Yes
Great Plains	500,000		500,000	100%		
Nat Grid	3,300,000	3,400,000	6,700,000	49%		
NiSource	457,000	3,382,000	3,839,000	12%		
Northeast	1,898,000	203,000	2,101,000	90%	Yes	Yes
PHI	1,790,000	120,000	1,910,000	94%	Yes	Yes
Progress	3,100,000		3,100,000	100%	Yes	Yes
SCANA	639,000	760,000	1,399,000	46%		
Southern Co.	4,377,000		4,377,000	100%	Yes	Yes
Unitil	100,000	15,000	115,000	87%	Yes	
Xcel	3,300,000	1,800,000	5,100,000	65%		
Total	45,225,000	12,897,000	58,122,000	78%		

Dom Va Pwr	2,362,318	-	2,362,318

Included in comparison group

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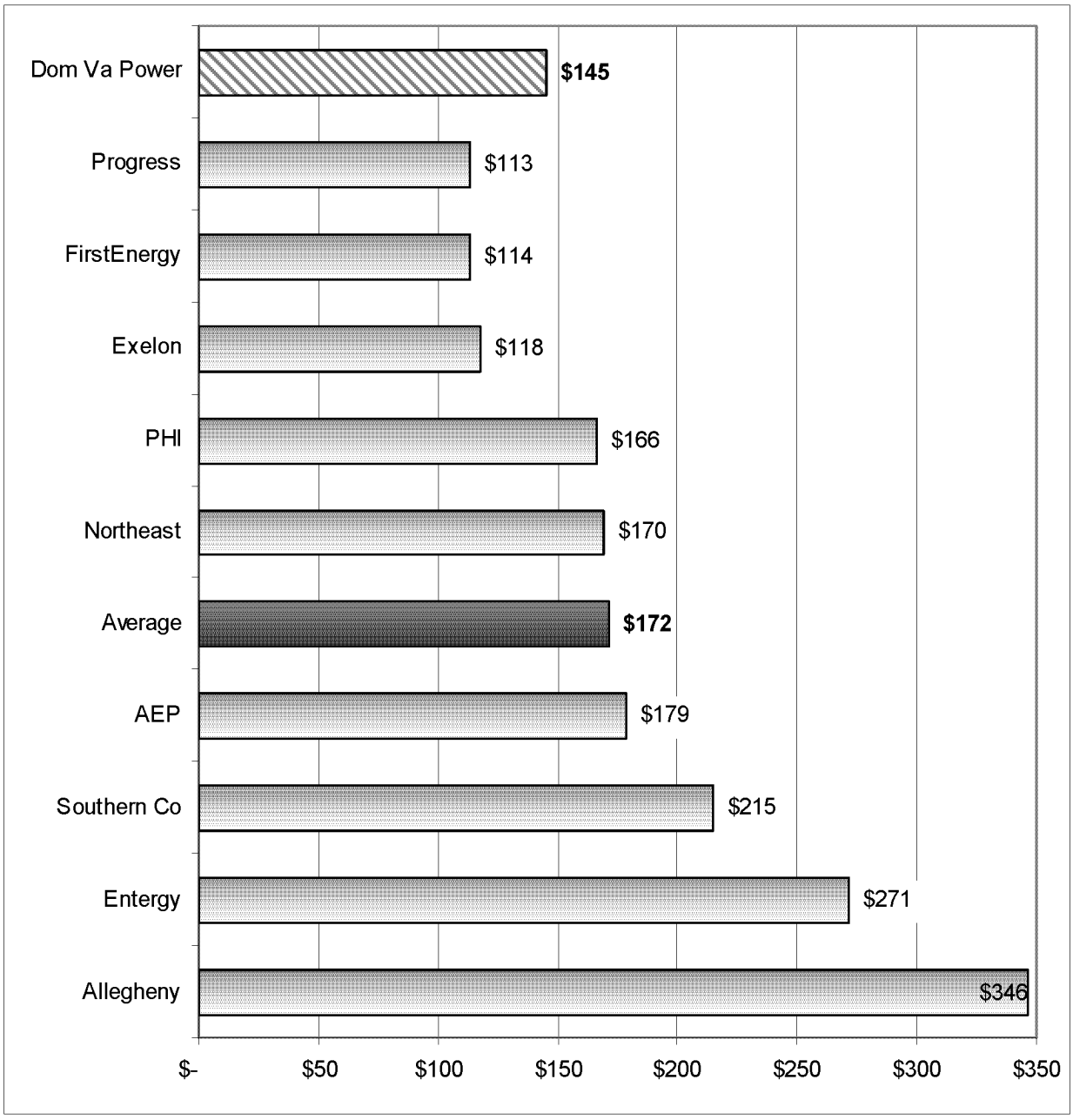
Virginia Electric and Power Company
Analysis of Service Company Services

	Utility Service Company									
Service Category [A]	Dominion	AEP	Allegheny	Entergy	Exelon	FirstEnergy	Northeast	PHI	Progress	Southern Co.
Accounting	X	X	X	X	X	X			X	
Auditing	X	X	X			X	X		X	X
Business Services	X	X	X		X	X		X	X	
Corporate Planning	X	X	X			X			X	
Customer Service	X	X	X		X	X	X	X		
Energy Marketing	X							X		X
Environmental & Safety	X	X				X		X		X
Executive	X	X	X		X	X	X	X		X
External Affairs	X	X	X	X	X	X	X	X	X	X
Finance	X	X	X	X	X	X	X	X	X	X
Human Resources	X	X	X	X	X	X	X	X	X	X
Information Technology	X	X	X	X	X	X		X	X	X
Legal	X	X	X	X	X	X	X	X	X	X
Operations	X	X	X	X	X	X	X	X		X
Regulatory Services	X	X	X		X	X			X	
Risk Management	X	X	X			X				
Supply Chain	X	X	X		X	X		X		X
Treasury	X		X			X			X	
Total Services	18	16	16	7	12	17	8	12	11	11

Note A: These 18 service categories were developed by Baryenbruch & Company, LLC based on an analysis of the Form 60 data. DRS' 26 services were mapped to these 18 service categories for purposes of this analysis.


Dom Va Power
$145
Progress
$113
FirstEnergy
$114
Exelon
$118
PHI
$166
Northeast
$170
Average
$172
AEP
$179
Southern Co
$215
Entergy
$271
Allegheny
$346
$-
$50
$100
$150
$200
$250
$300
$350

IV – Question 1 – Reasonableness of Affiliate Charges

Form 60 data were further analyzed to compare the costs of categories of services. Services provided by the comparison group were assigned to 18 service categories shown in the table below.

Accounting	Finance
Auditing	Human Resources
Business Services	Information Technology
Corporate Planning	Legal
Customer Service	Operations
Energy Marketing	Regulatory Services
Environmental & Safety	Risk Management
Executive	Supply Chain
External Affairs	Treasury

Comparison group charges to regulated utility affiliates were assigned to service category cost pools, which were then divided by the number of retail customers. The resultant cost per customer for each service category is shown in Exhibit 6. This schedule, in effect, breaks down the service component of Dominion Virginia Power's and comparison group service companies' total cost per customer that was compared previously in Exhibit 5. Dominion Virginia Power's cost per customer is lower than the comparison group average for 16 of 18 service categories. Per customer cost results are also graphed in Exhibit 7, which shows Dominion Virginia Power's position within the range of comparison group per customer costs.

Further research into the two service categories in which Dominion Virginia Power is higher than average showed the following:

- Information Technology (IT) – DRI centralizes IT functions to the greatest extent possible in order to gain economies of scale. The IT functions for other utility companies typically are not centralized to the same extent. Depreciation and amortization expenses are included in the IT services charges to affiliates. IT assets in other utility companies are often owed by the regulated operating companies, thus their service companies charges would not include the associated depreciation and amortization expenses.

- External Affairs – DRS includes philanthropic-related expenses, including over $800,000 in charitable donations. As discussed earlier, donations were excluded from comparison group service companies' cost pools. Philanthropic expenses account for approximately $0.50 of DRS' $5.69 per customer. DRS' cost also includes $0.45 per customer in community affairs-related expenses. Most comparison group service companies do not include such expenses. It is possible these expenses are incurred directly by and recorded on the books of their regulated utility affiliates. These two items total $0.95 per customer for DRS. This is the approximate difference between DRS and the comparison group average.

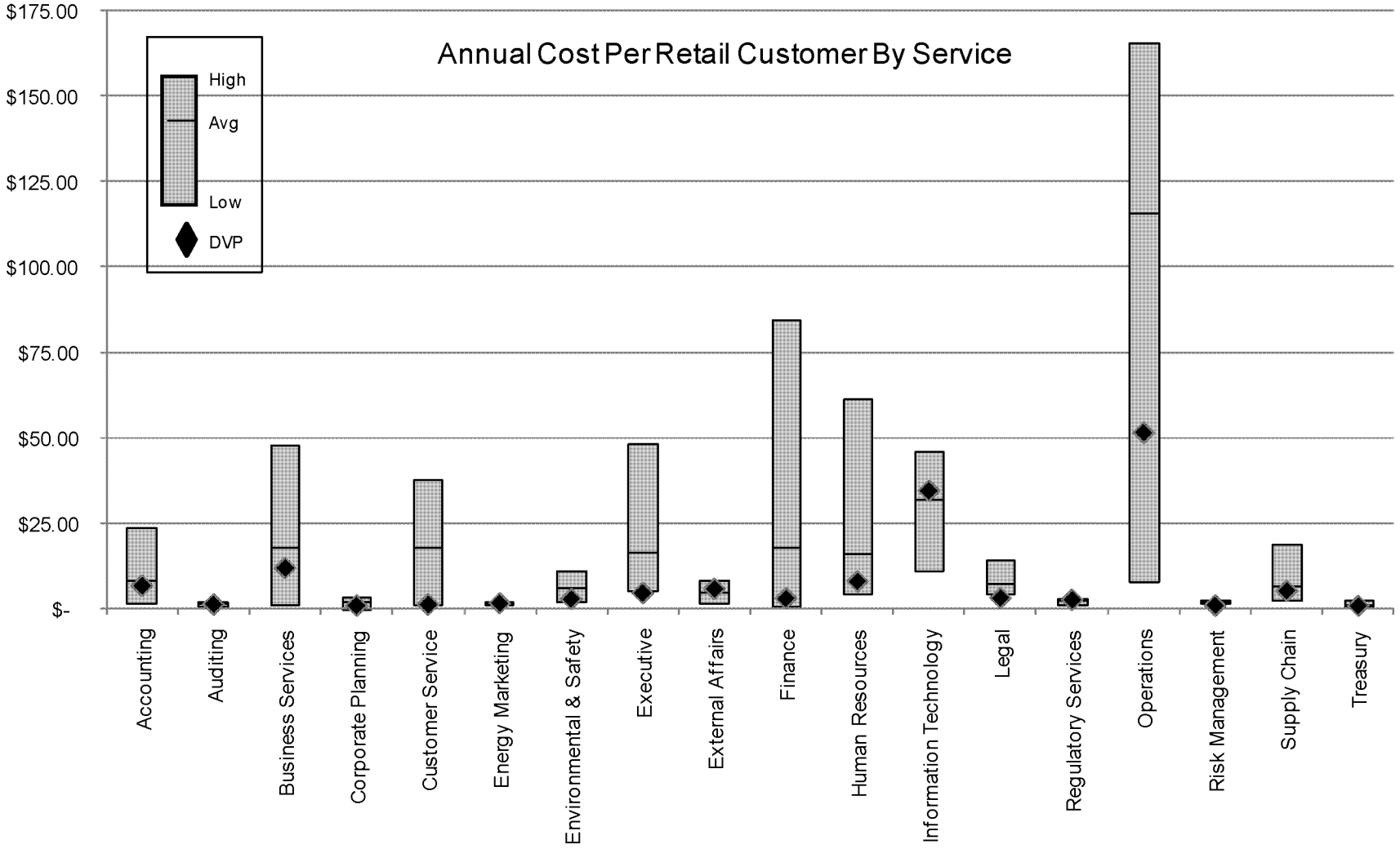
Based on the results of this benchmarking to comparable service companies, Dominion Virginia Power's service-related charges from affiliates are reasonable.

Virginia Electric and Power Company
Annual Cost Per Customer by Service Category – Calculation Detail

	Utility Service Company											
Service Category	AEP	Allegheny	Entergy	Exelon	FirstEnergy	Northeast	PHI	Progress	Southern Co.	Comparison Group Average (Adjusted)	Dominion Virginia Power	Dominion Virginia Power Higher(Lower) Than Adjusted Average
Accounting	$ (38.72)	$ 11.89	$ 23.99	$ 1.41	$ 5.51			$ 9.56		$ 8.23	$ 6.66	$ (1.58)
Auditing	$ 1.97	$ 1.37			$ 0.69	$ 1.18		$ 1.58	$ 1.63	$ 1.44	$ 1.15	$ (0.29)
Business Services	$ 28.49	$ 1.21		$ 6.34	$ 5.97		$ (1.20)	$ 48.03		$ 17.93	$ 11.88	$ (6.05)
Corporate Planning	$ 3.23	$ 3.19			$ 0.21			$ 2.31		$ 2.08	$ 0.81	$ (1.27)
Customer Service	$ 37.97	$ 15.86		$ 1.19	$ 14.81	$ 23.97	$ 18.83			$ 18.06	$ 1.11	$ (16.95)
Energy Marketing							$ 1.40		$ 1.93	$ 1.77	$ 1.50	$ (0.26)
Environmental & Safety	$ 6.95				$ 2.60		$ 2.06		$ 11.06	$ 6.26	$ 2.72	$ (3.55)
Executive	$ 5.38	$ 31.98		$ 8.33	$ 6.49	$ 48.26	$ 13.15		$ 31.77	$ 16.52	$ 4.49	$ (12.03)
External Affairs	$ 1.74	$ 3.25	$ 4.75	$ 5.30	$ 5.84	$ 5.20	$ 1.87	$ 8.46	$ 5.49	$ 4.76	$ 5.69	$ 0.93
Finance	$ 1.30	$ 1.45	$ 84.35	$ 17.17	$ 1.43	$ 29.71	$ 21.20	$ 0.85	$ 25.77	$ 17.96	$ 2.91	$ (15.05)
Human Resources	$ 14.67	$ 61.59	$ 51.36	$ 7.10	$ 10.70	$ 19.13	$ 7.60	$ 4.55	$ 6.78	$ 15.95	$ 7.93	$ (8.02)
Information Technology	$ 11.11	$ 28.89	$ 35.29	$ 46.06	$ 25.39		$ 39.05	$ 28.41	$ 43.37	$ 32.02	$ 34.55	$ 2.53
Legal	$ 5.34	$ 9.73	$ 14.29	$ 7.65	$ 7.14	$ 4.41	$ 5.68	$ 7.12	$ 7.46	$ 7.45	$ 3.01	$ (4.44)
Regulatory Services	$ 2.42	$ 1.11			$ 3.18					$ 2.55	$ 2.50	$ (0.04)
Operations	$ 90.84	$ 165.49	$ 57.32	$ 7.98	$ 16.26	$ 37.69	$ 37.73		$ 77.24	$115.98	$ 51.61	$ (64.37)
Risk Management	$ 2.74	$ 1.72			$ 1.85					$ 2.24	$ 0.82	$ (1.42)
Supply Chain	$ 3.51	$ 5.97		$ 9.17	$ 4.89		$ 19.00		$ 2.42	$ 6.42	$ 5.14	$ (1.28)
Treasury		$ 1.50			$ 0.63			$ 2.40		$ 1.38	$ 0.71	$ (0.67)
Total Cost Per Customer	$ 178.94	$ 346.20	$ 271.35	$ 117.71	$ 113.58	$ 169.54	$ 166.37	$ 113.27	$ 214.93		$ 145.21	

Virginia Electric and Power Company

Annual Cost Per Customer by Service Category – Dominion Virginia Power's Position Relative to Comparison Group



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V – Question 2 – Provision of Services at the Lower of Cost or Market

Comparison Methodology

During 2008, two affiliates, DRS and Dominion Technical Solutions, Inc. ("DTech") billed Dominion Virginia Power approximately $387.7 million in service-related charges. These represent 98% of affiliate's service-related charges to Dominion Virginia Power during 2008.

Dominion Virginia Power's billings from these affiliates were market-tested by comparing the cost per hour for DRS and DTech services to those of outside service providers to whom those services could be outsourced. The outside providers selected for comparison were:

- Attorneys – legal and corporate secretary services
- Management Consultants – executive management, external affairs, human resources, communications services
- Certified Public Accountants – accounting, tax, finance, treasury, internal audit, and rates and regulatory services
- Information Technology Consultants – information technology services
- Professional Engineers – engineering and operations-related services

Calculation of Affiliates' Hourly Rates

This study assigned DRS and DTech affiliate charges to one of the five outside provider categories (listed above) based on the specific nature of the service provided to Dominion Virginia Power. For instance, the charges from DRS' internal auditing cost center were assigned to the CPA cost pool.

Certain adjustments were necessary to construct the DRS/DTech-related cost pools that are reflective of how outside providers recover their costs.

- Travel Expenses – In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rates. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these charges from the DRS/DTech hourly rate calculation.
- Outside Services – These expenses are not associated with the cost of DRS/DTech personnel performing services for Dominion Virginia Power (outside firms perform the work under DRS and DTech direction). Charges from outside professional firms to perform certain corporate-wide services (*e.g.*, legal, financial audit, actuarial services) represent services that have, in effect, already been outsourced by DRS/DTech.
- Other Non-Service Expenses – These are various DRS/DTech-incurred fees and expenses to which Dominion Virginia Power is assigned its appropriate share. They are not related to the performance of services by DRS and DTech personnel for Dominion Virginia Power. An outside provider would not be expected to recover these costs in their hourly billing rates. Examples of these items include financing fees and material expenses.
- Enterprise Software Expenses – DRS arranges for enterprise-wide licenses for certain mainframe and server software. In doing so, DRS lowers the cost of this software through economies of scale. These savings are passed on to Dominion Virginia Power and affiliates who use the applications. Outside providers would expect to recover enterprise software expenses over and above their hourly rates. For instance, an outside provider that would take over support of the corporation's SAP applications,

would not try to recover the annual license fees paid to SAP in their hourly billing rates. Rather, a separate charge would be established for these costs.

- Transportation-Related Cost Centers – DRS provides aviation services to Dominion Virginia Power and its affiliates. This is a discrete service and not part of the cost of other services.
- Customer Accounts Services-Related Cost Centers – These are DRS services that would not be provided by any of the five outside professional service provider categories. Thus, these costs are tested in connection with the customer account services expense comparison in Chapter VI.

Exhibit 8 is an analysis of these adjustments from DRS/DTech 2008 service-related charges to Dominion Virginia Power. The net testable DRS charges of $301.5 million were subjected to a lower of cost or market pricing test.

Based on the nature of the services provided by each DRS cost center, testable charges were assigned to the five outside provider categories, as shown in Exhibit 9. A few cost centers provide general support for the DRS organization, and do not provide services directly to Dominion Virginia Power. For purposes of this study, these cost centers were designated as "overhead," and their expenses are later allocated to the five outside provider cost pools. Office facility cost centers are the largest and make up the majority of overhead charges. Test year DRS hours charged to Dominion Virginia Power are compiled by outside provider category in Exhibit 10. The categorization of hours was also based on the same cost center-by-cost center assignment used for DRS dollar charges.

Based on the cost and hour pools, DRS' 2008 hourly rates were developed for each of the five provider categories. Exhibit 11 shows the calculations involved in creating hourly rates that are compared to the rates of outside providers.

Virginia Electric and Power Company
Calculation of 2008 Net Testable DRS Charges

2008 Charges From Affiliates		
Dominion Resources Services, Inc.	$ 350,456,982	
Dominion Technical Solutions, Inc.	$ 37,220,958	
Total Affiliate Charges	$ 387,677,940	$ 387,677,940
Less: GL Accounts Eliminated from Market Test		
Travel Expenses		
5302010-Travel Expense	$ 7,949,814	
5302015-Travel - Meals (50% Non-Deductible)	$ 1,058,874	
5302020-Entertainment Expense	$ 115,725	
5302021-Entertainment Expense - Non-Deductible	$ 641,815	
5304500-Aviation Fuel	$ 422,097	
5304510-Gasoline	$ 32,324	
5304520-Fuel-Off Hwy Equip	$ 1,629	
5307000-Rent Expense-Hangars	$ 566	
5307040-Rent Expense - Vehicles	$ (9,441)	
5399065-Expense Reimbursements from Customers	$ 613,342	
5399070-Vehicle Expenses-M4-Fleet System- Mainte	$ 101,069	
5399071-Vehicle Expenses-M4-Fleet System - Credi	$ -	
5399072-Vehicle Expenses-M4-Fleet System - Owner	$ 1,895,188	
5399100-Communications - Aviation	$ 8,627	
Total Travel Expenses	$ 12,831,629	$ (12,831,629)
Outside Services		
5303010-Contractor Labor - Straight Time	$ 11,715,447	
5303015-Contractor Labor OT	$ 127,529	
5303020-Contractor Materials	$ 372	
5303030-Contractor Services	$ 8,842,906	
5303040-Environmental Services	$ 106	
5303110-Office Equipment Maintenance Services	$ 749,497	
5303120-Computer & Software Maintenance Services	$ 11,315,889	
5303130-Building & Grounds Maintenance Services	$ 94,077	
5303140-Security Equipment Maintenance Services	$ 474,142	
5303150-Communications Equipment Maintenance Ser	$ 58,819	
5303160-Network Maintenance Services	$ 748,561	
5303170-Automobile Repairs/Maintenance	$ 45,753	
5303175-Aviation Repairs/Maintenance	$ 404,539	
5303190-Miscellaneous Repairs/Maintenance	$ 119,774	
5303210-Accounting/Auditing Services	$ 1,560,502	
5303220-Legal Services	$ 1,003,584	
5303310-Consultant Services	$ 7,106,335	
5303320-Training Services	$ 1,706,576	
5303810-Employment Agency Services	$ 4,088	
5303820-Collection Agency Services	$ 170	
5303830-Advertising	$ 1,568,493	
5303840-Security & Investigative Services	$ 632,473	
5303850-Testing Services	$ 91,662	
5303860-Broker Service Fees	$ -	
5303890-Miscellaneous Outside Services	$ 3,303,518	
Total Outside Services	$ 51,674,810	$ (51,674,810)

Virginia Electric and Power Company
Calculation of 2008 Net Testable DRS Charges

Less: GL Accounts Eliminated from Market Test				
Other Non-Service Expenses				
5304200-Material Exp-Non Stk	$	1,674,779		
5310010-Operating Permits	$	25,729		
5310020-Licensing Fees	$	7,360		
5310050-Environmental Fees	$	43,001		
5310060-Financing Fees	$	1,360,846		
5310080-Bank Fees	$	525,273		
5310090-Miscellaneous Fees	$	258,074		
5312042-Freestanding Derivatives - MTM - Other	$	-		
5380010-Operating Gain/Loss-Disposition of Asset	$	95,755		
5399074-Vehicle Purchases	$	-		
5705100-Excise Taxes	$	-		
Intercompany Money Pool Interest Income/Expense	$	(240,808)		
Total Non-Services Expenses	$	3,750,009	$	(3,750,009)
Less: DRS Cost Centers Eliminated from Market Test				
Enterprise Software Expense Cost Centers	$	3,191,981		
Transportation-Related Cost Centers	$	2,890,448		
Market Tested via Customer Acct Svcs Comparison	$	11,823,336		
Total Eliminated Cost Centers	$	17,905,765	$	(17,905,765)

Net Testable DRS Billings	**$ 301,515,727**

Virginia Electric and Power Company
2008 Market Testable DRS Charges to Dominion Virginia Power by Outside Service Provider Category

	Outside Provider Category						
Service Types (A)	Attorney	Management Consultant	Certified Public Accountant	IT Consultant	Professional Engineer	Overhead	
Accounting			$ 7,079,802				
Accounts Payable			$ 1,430,583				
Auditing			$ 2,561,479				
Business Operations		$ 117,132					
Business Planning		$ 2,667,191					
Corp. Communications		$ 3,286,200					
Corporate Planning			$ 3,875,847				
Corporate Secretary	$ 28,690						
Emp. Benefits/Pension		$ 1,308,252					
Energy Marketing		$ 757,305					
Environmental					$ 5,063,367		
Executive/Admin.	$ 741,908	$ 41,259,788					
External Affairs		$ 5,162,131					
Facilities						$ 1,341,527	
Fleet						$ 766,206	
Generation Business Development		$ 1,955,147					
Generation Business Operations					$ 23,903,016		
Generation Human Resources		$ 3,539,772					
Generation Operations					$ 45,476,530		
General Services						$ 1,624,224	
Human Resources		$ 13,067,376					
Information Technology				$ 66,067,732			
Investor Relations			$ 41,912				
Legal	$ 6,023,968						
Operations		$ 2,638,913			$ 31,126,941		
Other						$ 7,251,893	
Payroll			$ 1,122,884				
Procurement			$ 10,265,973				
Rates			$ 3,473,865				
Risk Management		$ 762,343	$ 1,157,660				
Security		$ 2,070,009					
Tax			$ 2,812,260				
Treasury			$ (314,095)				Total
Total Cost Pool	$ 6,794,566	$ 78,591,560	$ 33,508,167	$ 66,067,732	$ 105,569,854	$ 10,983,849	$ 301,515,727

Note A: The current Services Agreement lists 26 services DRI can provide to Dominion Virginia Power. The list of service types in this analysis is more detailed, but they map directly to the 26 Services Agreement services.

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Virginia Electric and Power Company
2008 Market Testable DRS Hours Charged to Dominion Virginia Power by Outside Service Provider Category

	Outside Provider Category					
	Attorney	Management Consultant	Certified Public Accountant	IT Consultant	Professional Engineer	
Accounting			103,339			
Accounts Payable			28,510			
Auditing			34,563			
Business Operations		1,331				
Business Planning		23,596				
Corp Communications		36,628				
Corporate Planning			49,678			
Corporate Secretary	412					
Emp. Benefits/Pension		18,404				
Energy Marketing		9,447				
Environmental					61,584	
Executive/Admin	989	55,061				
External Affairs		32,562				
Facilities						
Fleet						
Generation Business Development		16,204				
Generation Business Operations					261,585	
Generation Human Resources		45,212				
Generation Operations					452,976	
General Services						
Human Resources		331,922				
Information Technology				761,452		
Investor Relations			365			
Legal	46,474					
Operations		30,112			403,748	
Other						
Payroll			15,121			
Procurement			127,655			
Rates			38,034			
Risk Management		9,239	15,668			
Security		41,144				
Tax			34,625			
Treasury			3,781			Total
Total Cost Pool	47,875	650,861	451,339	761,452	1,179,893	3,091,421

Virginia Electric and Power Company
2008 DRS Hourly Rate Calculation

	DRS Hourly Rates					
	Attorney	Mgmt Consultant	Certified Public Accnt	IT Consultant	Professional Engineer	Total
Service-Related Charges	$ 6,794,566	$ 78,591,560	$ 33,508,167	$ 66,067,732	$ 105,569,854	$ 290,531,879
Overhead Expenses (A)	$ 256,875	$ 2,971,233	$ 1,266,810	$ 2,497,757	$ 3,991,174	$ 10,983,849
Cost Pool Total	$ 7,051,441	$ 81,562,793	$ 34,774,977	$ 68,565,489	$ 109,561,028	$ 301,515,727
Hours	47,875	650,861	451,339	761,452	1,179,893	3,091,421
Average DRS Hourly Rate	**$ 147**	**$ 125**	**$ 77**	**$ 90**	**$ 93**	

Note A: These expenses are assigned to the outside provider categories prorata based on the "direct" expenses, as calculated below.

	Attorney	Mgmt Consultant	Certified Public Accnt	IT Consultant	Professional Engineer	Total
Service-Related Charges (above)	$ 6,794,566	$ 78,591,560	$ 33,508,167	$ 66,067,732	$ 105,569,854	$ 290,531,879
Percent of Cost Pool Total	2.3%	27.1%	11.5%	22.7%	36.3%	100.0%
Total Overhead Expenses	$ 10,983,849	$ 10,983,849	$ 10,983,849	$ 10,983,849	$ 10,983,849	
Allocation of Overhead Expenses	$ 256,875	$ 2,971,233	$ 1,266,810	$ 2,497,757	$ 3,991,174	$ 10,983,849

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Outside Service Provider Hourly Rates

The next step in the cost comparison was to calculate the average billing rates for each type of outside service provider. The source of this information and the determination of the average rates are described below.

It should be noted that professionals working for three of the five outside provider categories may be licensed to practice by state regulatory bodies. However, not every professional working for these firms is licensed. For instance, among Virginia certified public accounting firms, only more experienced staff are predominantly CPAs, as shown in the table below. Some DRS employees also have professional licenses. Thus, it is valid to compare the DRS' hourly rates to those of the outside professional service providers included in this study.

Position	% In VA Who Are CPAs
Partners/Owners	98%
Directors (over 10 years experience)	86%
Managers (6-10 years experience)	88%
Sr Associates (4-5 years experience)	81%
Associates (1-3 years experience)	23%
New Professionals	0%

Source: AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey (2008)

Attorneys

The Virginia State Bar does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys. Therefore, an estimate of Virginia attorney rates was developed from two surveys conducted by Lawyers Weekly in the states of Michigan and Massachusetts. As presented in Exhibit 12, the average rate for each firm was adjusted for the cost of living differential between its location and Richmond, Virginia. The Lawyers Weekly surveys included rates in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of the test year ended December 31, 2008.

Management Consultants

The cost per hour for management consultants was developed from a 2008 survey performed by the Association of Management Consulting Firms—an industry trade organization. The survey includes rates that were in effect during 2007 for firms throughout the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison.

The first step in the calculation, presented in Exhibit 13, was to determine an average rate by consultant position level. From these rates, a weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment, based on Baryenbruch & Company, LLC's experience, by each consultant position level. The 2007 average rate was escalated to June 30, 2008—the midpoint of the test year ended December 31, 2008.

Certified Public Accountants

The average hourly rate for Virginia CPAs was developed from a 2008 survey performed by the American Institute of Certified Public Accountants (AICPA). The Virginia version of this survey was used to develop hourly rates for member firms in Virginia.

As shown in Exhibit 14, a weighted average hourly rate was developed based on a set of accountant positions and a percent of time that is typically applied to an accounting assignment, based on Baryenbruch & Company, LLC's experience. This survey includes rate information in effect during 2007. Thus, the data had to be escalated to June 30, 2008—the test year's midpoint.

Information Technology Consultants

The average hourly rate for information technology consultants and contractors was developed from Baryenbruch & Company, LLC data and from information provided by DRS on hourly rates it actually paid to IT contractors during 2008. As shown in Exhibit 15, that data was compiled, and a weighted average was calculated based on a percent of time that is typically applied to an IT consulting assignment, based on Baryenbruch & Company, LLC's experience,

Professional Engineers

Hourly rate information for professional engineering firms was developed from Baryenbruch & Company, LLC data. As shown in Exhibit 16, an average rate was developed for each engineering position for 9 engineering firms. Then, using a typical percentage mix by position that is typically applied to an engineering assignment, based on Baryenbruch & Company, LLC's experience, a weighted average cost per hour was calculated.

Virginia Electric and Power Company
2008 Billing Rates for Virginia Attorneys

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	85%	$ 365
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	85%	$ 427
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	85%	$ 395
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	85%	$ 309
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	97%	$ 289
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	125%	$ 162
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	97%	$ 308
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	111%	$ 198
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	85%	$ 435
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	139%	$ 200
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	139%	$ 148
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	97%	$ 237
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	139%	$ 207
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	96%	$ 277
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	147%	$ 241
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	147%	$ 322
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	147%	$ 240
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	115%	$ 277
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	115%	$ 236
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	147%	$ 223
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	147%	$ 203
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	147%	$ 243
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	147%	$ 328
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	147%	$ 166
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	147%	$ 205
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	137%	$ 211
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	147%	$ 196
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	147%	$ 209
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	147%	$ 169
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	116%	$ 171
							Overall Average 2007 Billing Rate		$ 253

Escalation to Test Year's Mid-Point - June 30, 2008 (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Billing Rate At June 30, 2008	**$ 264**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)
Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and Richmond, Virginia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than Richmond. A number less than 100% indicates Richmond's cost of living is higher.

Virginia Electric and Power Company
2008 Billing Rates for U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 181	$ 236	$ 286	$ 333

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$181	$236	$286	$333	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 54	$ 47	$ 29	$ 33	**$ 206**

Escalation to Midpoint of December 31, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For Management Consultants At June 30, 2008	**$ 214**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2008 Edition," Association of Management Consulting Firms
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Virginia Electric and Power Company
2008 Billing Rates of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 80	$ 107	$ 138	$ 165	
Percent of Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 28	$ 33	**$ 117**

Escalation to Midpoint of June 30, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For CPAs At June 30, 2008	**$ 122**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Virginia Electric and Power Company
2008 Billing Rates For IT Consultants

IT Resource Level	2008 Hourly Rate (A)
Consultant Positions	
Senior Manager/Partner Consultant	$ 360
Staff/Manager Consultant	$ 240
Contractor Positions	
Senior Contractor	$ 110
Contractor	$ 63

Overall Average	2008 Rate	% of Project/Assignment	
Senior Manager/Partner Consultant	$ 360	10%	$ 36
Staff/Manager Consultant	$ 240	30%	$ 72
Senior Contractor	$ 110	30%	$ 33
Contractor	$ 63	30%	$ 19
		Weighted Average	**$ 160**

Note A: Sources are Baryenbruch & Company, LLC and DRS

Virginia Electric and Power Company
2008 Billing Rates for Engineers

Note: Billing rates were those in effect in 2008

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates		
	Engineer Design Engineer Project Engineer	Project Manager Sr. Mgr. Engineer	Officer Principal Engineer
Firm Number			
Firm #1	$85	$136	$175
Firm #2	$84	$134	$164
Firm #3	$102	$162	$207
Firm #4	$80	$127	$162
Firm #5	$73	$112	$160
Firm #6	$86	$139	$190
Firm #7	$98	$132	$146
Firm #8	$92	$138	$189
Firm #9	$77	$110	$135

B. Calculation of Overall Average Engineering Hourly Billing Rate

	Engineer Design Engineer Project Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (from above)	$86	$132	$170	
Percent of Engineering Assignment	50%	25%	25%	Weighted Average
	$43	$33	$42	**$119**

Source: Baryenbruch & Company, LLC data

Affiliates and Outside Providers Cost Comparison

As shown in the table below, DRS/DTech's costs per hour during 2008 are significantly lower than those of outside providers.

	Test Year Cost Per Hour Difference		
Service Provider	DRS	Outside Providers	Difference - DRS Greater(Less) Than Outside
Attorney	$ 147	$ 264	$ (116)
Management Consultant	$ 125	$ 214	$ (89)
Certified Public Accountant	$ 77	$ 122	$ (45)
IT Consultant	$ 90	$ 160	$ (70)
Professional Engineer	$ 93	$ 119	$ (26)

Based on these cost per hour differentials, and the number of hours DRS/DTech billed Dominion Virginia Power during the test year, DRS/DTech's services would have cost approximately $167 million more from outside providers, as calculated below. This is 55% more than DRS/DTech's total charges to Dominion Virginia Power during the test year ended December 31, 2008 ($167,068,813 / $301,515,727 = 55%).

	Test Year Total Cost Difference		
Service Provider	Hourly Rate Difference - DRS Greater(Less) Than Outside	DRS Hours Charged	Dollar Difference
Attorney	$ (116)	47,875	$ (5,577,233)
Management Consultant	$ (89)	650,861	$ (57,954,951)
Certified Public Accountant	$ (45)	451,339	$ (20,103,497)
IT Consultant	$ (70)	761,452	$ (53,145,057)
Professional Engineer	$ (26)	1,179,893	$ (30,288,076)
Net DRS Less Than Outside Providers			$ (167,068,813)

DRS and DTech are obligated to provide Dominion Virginia Power with services at the lower of cost or market according to the Commission's order approving the current Services Agreement. As a final step in this lower of cost or market pricing analysis, the 2008 income statements of both DRS and DTech were reviewed. Both were found to have no net income. This provides further evidence that Dominion Virginia Power received services from the two affiliates at their cost, which is below market as discussed above.

VI - Question 3 - Reasonableness of DRS' Customer Accounts Services Costs

Comparison Methodology

Customer Accounts Services covers the following utility functions:

- Customer Call Center – customer calls/contact, credit, order taking/disposition, bill collection efforts, outage calls
- Call Center IT – maintenance of phone banks, voice recognition units, call center software applications, telecommunications
- Customer billing – bill printing, stuffing, and mailing
- Remittance processing – processing customer payments received in the mail
- Bill payment centers – locations where customers can pay their bills in person

It is difficult to compare the cost of DRS' customer accounts services-related charges to Dominion Virginia Power with outside providers of the same services because survey data is proprietary and expensive to obtain. For this reason, Dominion Virginia Power's charges from DRS for customer accounts services are compared to those of neighboring electric utilities because the data necessary to make such comparison is available to the public.

Neighboring electric utility cost information comes from the FERC Form 1 that each utility must file. FERC's chart of accounts is defined in Chapter 18, Part 101 of the Code of Federal Regulations. FERC accounts that contain customer accounts services-related expenses are Account 903 Customer Accounts Expense – Records and Collection Expense and Account 905 Customer Accounts Expense – Miscellaneous Customer Accounts Expense. Exhibit 17 provides FERC's definition of the type of expenses that should be recorded in these accounts.

In addition to the charges in these FERC accounts, labor-related overheads charged to the following FERC accounts must be added to the labor components of Accounts 903 and 905:

- Account 926 Employee Pension and Benefits
- Account 408 Taxes Other Than Income (employer's portion of FICA)

Comparison Group

Neighboring electric utilities included in the comparison group are shown in the table below. These are companies whose FERC Form 1s show amounts for Accounts 903 and 905.

Virginia	• Appalachian Power	
Kentucky	• Duke Energy Kentucky • Kentucky Power	• Kentucky Utilities • Louisville Gas & Electric
West Virginia	• Appalachian Power • Monongahela Power	• Wheeling Power
North Carolina	• Duke Energy Carolinas	• Progress Energy Carolinas
Maryland	• Baltimore Gas & Electric • Delmarva Power & Light	• Potomac Electric
Tennessee	• Kingsport Power	

Virginia Electric and Power Company
FERC Account Descriptions

903 – Customer Records and Collection Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Labor

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

Virginia Electric and Power Company
FERC Account Descriptions

905 – Miscellaneous Customer Accounts Expenses
This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.
Labor
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

VI - Question 3 - Reasonableness of DRS' Customer Accounts Services Costs

Dominion Virginia Power Customer Account Services Cost Per Customer

As calculated below, Dominion Virginia Power's 2007 customer account services expense per customer was $19.52. Besides charges recorded to accounts 903 and 905 on Dominion Virginia Power's books, two other cost components were added into Dominion Virginia Power's cost pool: (1) the cost of postage for Dominion Virginia Power's customer bills printed by DRS and recorded in an administrative and general FERC account by Dominion Virginia Power, and (2) charges from East Ohio Gas for the cost of handling overflow Dominion Virginia Power customer calls to DRS.

Sources of Charges		2007 Amount
Dominion Virginia Power		
Acct 903 - Customer Records & Collection	$	32,253,336
Acct 905 - Miscellaneous Customer Accounts	$	-
Account 926 - Employee Pension & Benefits	$	3,831,664
Account 408 - Taxes Other Than Income (Employer's FICA)	$	1,451,975
Dominion Resources Services, Inc.		
DRS Cost Center 703227 - Inserting (postage)	$	8,224,414
East Ohio Gas Company	$	351,031
Total Dominion Virginia Power CAS Expenses	$	46,112,420
Total Dominion Virginia Power Customers		2,362,318
Average Cost per Customer	**$**	**19.52**

Comparison Group Cost Per Customer

Exhibit 18 shows the actual 2007 customer accounts expense per customer calculation for the electric utility comparison group. All of the underlying data were taken from each utility's FERC Form 1.

Summary of Results

As shown in the table below, Dominion Virginia Power's cost per customer is considerably less than the average of the neighboring electric utility comparison group. Based upon this data, DRS' 2007 customer accounts-related expenses charged to Dominion Virginia Power are reasonable.

VI - Question 3 - Reasonableness of DRS' Customer Accounts Services Costs

Average Customer Accounts Expense Per Customer		
Louisville Gas & Electric	$	13.71
Monongahela Power	$	16.10
Dominion Virginia Power	**$**	**19.52**
Duke Energy Carolinas	$	23.98
Progress Energy Carolinas	$	24.66
Kentucky Utilities	$	25.91
Wheeling Power	$	28.08
Comparison Group Average	**$**	**28.93**
Kingsport Power	$	32.31
Baltimore Gas & Electric	$	32.50
Duke Energy Kentucky	$	34.88
Appalachian Power	$	34.99
Kentucky Power	$	37.59
Delmarva Power & Light	$	61.87
Potomac Electric	$	70.37

Virginia Electric and Power Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Virginia		Kentucky			
		Appalachian Power	Virginia Dom. Power	Duke Energy Kentucky	Kentucky Power	Kentucky Utilities	Louisville Gas & Electric
Customer Account Services Cost Pool							
FERC Account Balances:							
Account 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ 75,852	$ 2,888	$ 173,641	$ 215,534
Subtotal		$ 31,332,299	$ 32,253,336	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099
Add: Employee Benefits & Employer FICA (not included in above amounts)							
Account 926 - Employee Pension & Benefits	**Note A**	$ 1,429,385	$ 3,831,664	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 534,319	$ 1,451,975	$ 264,982	$ 111,009	$ 230,888	$ 94,002
Total Cost Pool		**$ 33,296,003**	**$ 37,536,975**	**$ 4,668,963**	**$ 6,605,240**	**$ 13,824,490**	**$ 5,494,491**
Total Customers (page 304, line 43)		951,693	2,362,318	133,868	175,705	533,512	400,703
Customer Account Services Expense per Customer		**$ 34.99**	**$ 15.89**	**$ 34.88**	**$ 37.59**	**$ 25.91**	**$ 13.71**
Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt							
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 21,499,955	$ 120,865,073	$ 9,725,767	$ 4,466,809	$ 22,618,725	$ 20,138,689
Total O&M Payroll (page 355, line 65)		$ 105,057,647	$ 598,702,458	$ 31,182,162	$ 22,664,819	$ 39,257,367	$ 45,624,056
Benefits as Percent of Payroll		20.5%	20.2%	31.2%	19.7%	57.6%	44.1%
Payroll Applicable to Customer Account Services							
Total Payroll Charged to Customer Accounts Function							
Electric (page 354, line 7)		$ 8,227,618	$ 25,945,148	$ 1,323,882	$ 1,702,053	$ 4,110,913	$ 960,068
Gas (page 354, line 37)				$ 3,112,805			$ 771,056
Total Payroll Charged to Customer Accounts		$ 8,227,618	$ 25,945,148	$ 4,436,687	$ 1,702,053	$ 4,110,913	$ 1,731,124
Percent Applicable to Customer Accounts Services (903 and 905):							
Account 903 - Customer Records & Collection (page 322, line 161)		$ 31,314,061	$ 32,253,336	$ 3,247,759	$ 6,205,360	$ 11,681,015	$ 4,642,565
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 18,238	$ -	$ 75,852	$ 2,888	$ 173,641	$ 215,534
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 31,332,299	$ 32,253,336	$ 3,323,611	$ 6,208,248	$ 11,854,656	$ 4,858,099
Account 902 - Meter Reading Expenses (page 322, line 160)		$ 5,576,254	$ 11,835,960	$ 933,492	$ 1,073,679	$ 4,292,201	$ 1,986,061
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 36,908,553	$ 44,089,296	$ 4,257,103	$ 7,281,927	$ 16,146,857	$ 6,844,160
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	73.2%	78.1%	85.3%	73.4%	71.0%
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781
Pension & Benefits Pertaining to Customer Accounts Services		$ 1,429,385	$ 3,831,664	$ 1,080,370	$ 285,983	$ 1,738,946	$ 542,390
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services							
Customer Account Services Portion of Total Payroll		$ 6,984,565	$ 18,980,062	$ 3,463,816	$ 1,451,095	$ 3,018,139	$ 1,228,781
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 534,319	$ 1,451,975	$ 264,982	$ 111,009	$ 230,888	$ 94,002

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Virginia Electric and Power Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		West Virginia			North Carolina	
		Appalachian Power	Monongahela Power	Wheeling Power	Duke Energy Carolinas	Prog Energy Carolinas
Customer Account Services Cost Pool						
FERC Account Balances:						
Account 903 - Customer Records & Collection (page 322, line 161)			$ 4,781,391	$ 1,083,477	$ 46,334,799	$ 25,897,315
Account 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 1,480	$ 3,809,061	$ 3,903,789
Subtotal			$ 4,781,391	$ 1,084,957	$ 50,143,860	$ 29,801,104
Add: Employee Benefits & Employer FICA (not included in above amounts)						
Account 926 - Employee Pension & Benefits	**Note A**		$ 1,013,833	$ 55,868	$ 4,288,224	$ 4,309,442
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**		$ 298,068	$ 19,665	$ 1,457,948	$ 1,000,266
Total Cost Pool			**$ 6,093,292**	**$ 1,160,489**	**$ 55,890,032**	**$ 35,110,812**
Total Customers (page 304, line 43)			378,558	41,332	2,330,251	1,423,759
Customer Account Services Expense per Customer		(see Virginia)	**$ 16.10**	**$ 28.08**	**$ 23.98**	**$ 24.66**
Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt						
Account 926 - Employee Pension & Benefits (page 323, line 187)			$ 18,666,160	$ 369,460	$ 159,264,565	$ 126,417,315
Total O&M Payroll (page 355, line 65)			$ 71,736,947	$ 1,699,949	$ 707,819,291	$ 383,565,368
Benefits as Percent of Payroll			26.0%	21.7%	22.5%	33.0%
Payroll Applicable to Customer Account Services						
Total Payroll Charged to Customer Accounts Function						
Electric (page 354, line 7)			$ 5,853,820	$ 357,852	$ 21,482,901	$ 15,853,937
Gas (page 354, line 37)						
Total Payroll Charged to Customer Accounts			$ 5,853,820	$ 357,852	$ 21,482,901	$ 15,853,937
Percent Applicable to Customer Accounts Services (903 and 905):						
Account 903 - Customer Records & Collection (page 322, line 161)			$ 4,781,391	$ 1,083,477	$ 46,334,799	$ 25,897,315
Account 905 - Misc Customer Accounts (page 322, line 163)			$ -	$ 1,480	$ 3,809,061	$ 3,903,789
Subtotal - Total Charges Applicable to Customer Accounts Services			$ 4,781,391	$ 1,084,957	$ 50,143,860	$ 29,801,104
Account 902 - Meter Reading Expenses (page 322, line 160)			$ 2,402,163	$ 425,426	$ 6,379,768	$ 6,332,860
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading			$ 7,183,554	$ 1,510,383	$ 56,523,628	$ 36,133,964
Percent Applicable to Customer Accounts Services (903 and 905)			66.6%	71.8%	88.7%	82.5%
Customer Account Services Portion of Total Payroll			$ 3,896,317	$ 257,057	$ 19,058,146	$ 13,075,367
Pension & Benefits Pertaining to Customer Accounts Services			$ 1,013,833	$ 55,868	$ 4,288,224	$ 4,309,442
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services						
Customer Account Services Portion of Total Payroll			$ 3,896,317	$ 257,057	$ 19,058,146	$ 13,075,367
Employer's Portion of FICA (6.20%) and Medicare (1.45%)			7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA			$ 298,068	$ 19,665	$ 1,457,948	$ 1,000,266

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Virginia Electric and Power Company
Comparison Group 2007 Actual Customer Accounts Expense Per Customer

		Maryland			Tennessee
		Baltimore Gas & Electric	Delmarva Power & Light	Potomac Electric	Kingsport Power
Customer Account Services Cost Pool					
FERC Account Balances:					
Account 903 - Customer Records & Collection (page 322, line 161)		$ 26,325,591	$ 30,683,864	$ 46,795,233	$ 1,473,454
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 2,886,642	$ 6,566	$ -	$ 401
Subtotal		$ 29,212,233	$ 30,690,430	$ 46,795,233	$ 1,473,855
Add: Employee Benefits & Employer FICA (not included in above amounts)					
Account 926 - Employee Pension & Benefits	**Note A**	$ 8,173,002	$ 675,718	$ 5,348,590	$ 44,764
Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	**Note B**	$ 2,300,977	$ 561,925	$ 1,108,174	$ 20,029
Total Cost Pool		**$ 39,686,212**	**$ 31,928,073**	**$ 53,251,997**	**$ 1,538,648**
Total Customers (page 304, line 43)		1,221,284	516,058	756,711	47,624
Customer Account Services Expense per Customer		**$ 32.50**	**$ 61.87**	**$ 70.37**	**$ 32.31**

Group Average
$ 326,085,718
11,273,376
$ 28.93

Note A: Calculation of Pension & Benefits Pertaining to Customer Account Mgmt					
Account 926 - Employee Pension & Benefits (page 323, line 187)		$ 44,787,999	$ 3,579,071	$ 21,362,833	$ 234,574
Total O&M Payroll (page 355, line 65)		$ 164,827,958	$ 38,906,442	$ 57,858,348	$ 1,371,988
Benefits as Percent of Payroll		27.2%	9.2%	36.9%	17.1%
Payroll Applicable to Customer Account Services					
Total Payroll Charged to Customer Accounts Function					
Electric (page 354, line 7)		$ 23,435,975	$ 8,109,529	$ 15,271,688	$ 297,440
Gas (page 354, line 37)		$ 12,007,249	$ 1,431,093		
Total Payroll Charged to Customer Accounts		$ 35,443,224	$ 9,540,622	$ 15,271,688	$ 297,440
Percent Applicable to Customer Accounts Services (903 and 905):					
Account 903 - Customer Records & Collection (page 322, line 161)		$ 26,325,591	$ 30,683,864	$ 46,795,233	$ 1,473,454
Account 905 - Misc Customer Accounts (page 322, line 163)		$ 2,886,642	$ 6,566	$ -	$ 401
Subtotal - Total Charges Applicable to Customer Accounts Services		$ 29,212,233	$ 30,690,430	$ 46,795,233	$ 1,473,855
Account 902 - Meter Reading Expenses (page 322, line 160)		$ 5,210,641	$ 9,171,909	$ 2,538,291	$ 200,527
Total Charges Applicable to Customer Acccounts Svcs & Meter Reading		$ 34,422,874	$ 39,862,339	$ 49,333,524	$ 1,674,382
Percent Applicable to Customer Accounts Services (903 and 905)		84.9%	77.0%	94.9%	88.0%
Customer Account Services Portion of Total Payroll		$ 30,078,131	$ 7,345,424	$ 14,485,935	$ 261,818
Pension & Benefits Pertaining to Customer Accounts Services		$ 8,173,002	$ 675,718	$ 5,348,590	$ 44,764
Note B: Calculation of Employer's FICA Pertaining to Customer Accounts Services					
Customer Account Services Portion of Total Payroll		$ 30,078,131	$ 7,345,424	$ 14,485,935	$ 261,818
Employer's Portion of FICA (6.20%) and Medicare (1.45%)		7.65%	7.65%	7.65%	7.65%
Estimated Employer's Portion of FICA		$ 2,300,977	$ 561,925	$ 1,108,174	$ 20,029

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VII – Question 4 - Reasonableness of DRS' Cost Allocation Methods

Where possible, DRS directly charges affiliates for the cost of its services. In those instances where direct charging is not possible or practical because more than one affiliate is the recipient of a service, DRS allocated the associated expenses to the benefiting affiliates. Exhibit 19 shows the basis for allocation for each DRS service.

Baryenbruch & Company, LLC evaluated the allocation basis for each DRS cost center by answering following questions:

- Benefit Received – Does Dominion Virginia Power benefit from the cost center's services?
- Fairness of Allocation Bases – Does the basis by which the cost center's expenses are allocated relate to the causation of those expenses?
- Allocation Methods in Accordance with Services Agreement – Where the allocation bases those called for in the current Services Agreement between Dominion Virginia Power and DRS?

Exhibit 20 presents the results of the evaluation. For each of over 290 DRS cost centers that charged Dominion Virginia Power during 2008, the services of those cost centers were found to be pertinent to Dominion Virginia Power, and the allocation methods were found to be reasonable and related to the causation of the allocated expenses. The allocation methods used were also found to be those specified in the current Services Agreement.

Virginia Electric and Power Company
Allocation Bases for DRS Services

Service	Allocation Method
Accounting	• Payroll Accounting - Number of employees on the previous December 31 • Accounts Payable Processing - Number of accounts payable documents processed during the preceding year ended December 31 • Fixed Assets Accounting - Dominion Company fixed assets added, retired or transferred during the preceding year ended December 31 • Accounts Receivable Processing - Number of payments processed during the preceding year ended December 31
Auditing	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Legal and Regulatory Services	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Information Technology	• LDC/EDC Computer Applications - Number of customers at the end of the preceding year ended December 31 • Other Computer Applications - Number of users or usage of specific computer systems at the end of the preceding year ended December 31 • Network Computer Applications - Number of network devices at the end of the preceding year ended December 31 • Telecommunications Applications - Number of telecommunications units at the end of the preceding year ended December 31
Software Pooling	• Number of employees as of the preceding December 31 • Number of mainframe units as of the preceding December 31
Employee Benefits/ Pension Investment	• Number of employee and annuitant accounts as of the preceding December 31
Human Resources	• Number of employees as of the preceding December 31
Operations	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Executive and Administrative	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Business and Operations Services	• Energy Services - Energy sale and deliveries for the preceding year ended December 31 • Facility Services - Square footage of office space as of the preceding year ended December 31 • Fleet Administration - Number of vehicles as of the preceding December 31 • Security - The number of employees as of the preceding December 31 • Gas Supply - Gas volumes purchased for each Dominion Company for the preceding year ended December 31
Exploration and Development	• Not applicable to Dominion Virginia Power
Risk Management	• Insurance premiums for the preceding year ended December 31
Marketing	• Shared Projects - Annual marketing plan expenses for the preceding year ended December 31 • Other Indirect Costs - Total marketing direct and shared project costs billed to each Dominion Company for the preceding year ended December 31

Virginia Electric and Power Company
Allocation Bases for DRS Services

Service	Allocation Method
Medical	• Number of employees on the previous December 31
Corporate Planning	• Total capitalization recorded at preceding December 31
Supply Chain	• Purchasing - Dollar value of purchases for the preceding year ended December 31 • Materials Management - Material inventory assets as of the preceding year ended December 31
Rates	• Total regulated company operating expenses, excluding purchased gas expense, purchased power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Research	• Gross revenues recorded during the preceding year ended December 31
Tax	• Sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.
Corporate Secretary	• Direct bill only, no allocation
Investor Relations	• Direct bill only, no allocation
Environmental Compliance	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Customer Service	• Customer Payment (Remittance) Processing - Number of customer payments processed during the preceding year ended December 31 • Other Customer Services - For metering, the number of gas or electric meters for the preceding year ended December 31, otherwise the number of customers for the preceding year ended December 31
Energy Marketing	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31
Treasury/Finance	• Treasury and Cash Management - Total capitalization recorded at preceding December 31
External Affairs	• Total operating expenses, excluding purchase gas expense, purchase power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31

Virginia Electric and Power Company
Evaluation of Allocation Methods for DRS Cost Centers

Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Accounting	700217 - Del Corp Acctg Staff	$397,537	Provide income statement variance analysis, account reconciliation support, unclaimed funds monitoring, customer accounting oversight, gas purchase accounting services and management reporting services.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700218 - Controller-DEL/Cons	$406,004	Provides SAP system support for the general ledger and project systems as well as accounting research. Also provides inventory accounting services; miscellaneous billing services; management reporting services and CNG legal reporting	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700220 - Remit Processing	$1,352,072	Provides remittance processing services for all customer bills for Virginia Power, EOG, PNG, and HGI.	Number of Customer Payments	Yes	Yes	Yes
	700322 - Misc Receipts	$243,581	Responsible for all unregulated payment and receipt processing.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702020 - CONTROLLER - DRS	$3,880,631	Perform all accounting activities for DRS and DRI/CNG Holding companies. Perform consolidation function for entire enterprise. Manage SAP master data for entire enterprise. Perform corporate benefit plans accounting. Conduct corporate accounting research activities.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702021 - CONTROLLER - GEN	$348,722	To ensure proper internal controls, excellent customer service and improve processes. Our responsibilities are to ensure the accuracy of transactions recorded to the books and records of the Dominion Energy companies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702022 - FIXED ASSETS	$1,999,159	Develops and maintains Capitalization policies; release, review and closing of capital projects; calculate monthly interest (AFUDC) & depreciation; third party billing and management reporting.	Total additions, retirements and adjustments to fixed assets	Yes	Yes	Yes
	702023 - Energy Controller	$79,314	To ensure proper internal controls, excellent customer service and improve processes. Our responsibilities are to ensure the accuracy of transactions recorded to the books and records of the Dominion Energy companies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702060 - DC Tech Acctg Suppt	$1,150	Prepare all technical accounting, invoicing, disbursement, validation, and reporting activities for physically settled wholesale sales and purchases of power, coal, and emission commodities.	Direct Bill (No Allocation)	Yes	Yes	Yes
	702061 - DC Gen Acct Support	$0	Prepare all accounting, invoicing, disbursement, validation, and reporting activities for physically settled wholesale sales and purchases of power, coal, and emission commodities. Prepare all regulatory reports required for wholesale power transactions.				
	702062 - DC Acct Corp Sv Supp	$2,602	Provide technical support of GAAP issues surrounding energy trading, including implementation of new standards. Perform MTM accounting for all commodities. Perform accounting functions related to broker fees, option premiums and oil settlements.	Direct Bill (No Allocation)	Yes	Yes	Yes
	702063 - DC Engy Acct Support	$144	Provides natural gas cost center information for VPSE for use in VEPCO	Direct Bill (No Allocation)	Yes	Yes	Yes
	702070 - Gen Acctg Supp	$940,549	Perform accounting function for all electric generation and transmission activities of Dominion companies managed by the Energy segment	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702071 - Retail Accounting	$13,755	Provide accounting services for Dominion Retail	Direct Bill (No Allocation)	Yes	Yes	Yes
	702072 - Fuel Acctg Supp	$550,443	Provide accounting services for Dominion Generation segment.	Direct Bill (No Allocation)	Yes	Yes	Yes
Accounts Payable	703345 - ACCOUNTS PAYABLE	$859,116	Develop, maintain and administer Dominion's disbursement policies. Ensure expenditures are in accordance with Dominion's procurement and disbursement policies. Process invoices, disburse funds and record expenditures. Provide expertise to the Dominion companies on disbursement matters.	Number of Invoices	Yes	Yes	Yes
	703346 - AP Doc & Info Cntrl	$435,908	Supply Chain Management Corporate Disbursements document and information control	Number of Invoices	Yes	Yes	Yes
	704030 - A/P- PURCHASING CARD	-$416,806	Develop, maintain and administer Dominion's travel and business expense policies. Process expense reports, disburse funds and record expenditures. Provide expertise to the Dominion companies on disbursement matters.	Accounts Payable - Pcards/Expenses	Yes	Yes	Yes
Auditing	702019 - AUDIT SERVICES	$2,893,360	Perform independent, objective assurance and consulting services with regard to review of internal controls, operations audits, financial audits and system development controls consultation. Performs audits for benefits plans, environmental issues, IT issues and management requests.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Aviation	702047 - AVIATION COMMON	$881,844	Administers Dominion aviation program	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702050 - AV GULFSTRM(N600DR)	$1,199,507	Contains cost of maintaining Gulfstream airplane	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702051 - AVIA HAWKR (N800DR)	$479,209	Contains cost of maintaining Hawker airplane based in Richmond	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702052 - AV Hawker N601DR	$620,393	Contains cost of maintaining Hawker airplane based in Pittsburgh	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
	702056 - AV HAWKR (N802DR)	$335,875	Contains cost of maintaining Hawker airplane based in Richmond	Combination of Direct Bill & Allocation (Allocation based on O&M factor)	Yes	Yes	Yes
Business Operations	700241 - Dominion Capital	$0	All Dominion Capital staff and business is conducted in this cost center.				
Business Planning	700203 - BUS EXCELLENCE STAFF	$909,477	Manages and Organizes the Six Sigma project to improve the Dominion Companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701223 - BUS PLNG & FIN ANAL	$987,225	Develop growth strategies for Dominion Energy's generation, pipeline, and storage businesses. Develop long-term fundamental electric and natural gas forecasts, perform market analysis, and provide support with asset valuations for both electric generation and natural gas pipeline and storage investments.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701230 - Regulatory Projects	$980,275	Oversee activities for Energy business unit that integrates RTO, market development, asset development & strategic policy development. Develop market design & implement strategies which minimize risks & maximize opportunities that occur during the formation of new electricity markets in MAIN to Maine.	Direct Bill or Allocation (O&M factor)	Yes	Yes	Yes

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Virginia Electric and Power Company
Evaluation of Allocation Methods for DRS Cost Centers

Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Business Planning (cont.)	704081 - Gen Plan & Anal	$241	Support all Generation analysis related to fuel and coordination of long-term capacity and energy positions with corporate views and positions.Coordinate models, analysis and forward price views with BPMA.	Direct Bill (No Allocation)	Yes	Yes	Yes
Corp Communications	700243 - Commun&Editorial	$584,293	Provides executive speechwriting and communications, business media relations, strategic counsel to senior management on public relations/community relations issues and investor relations support.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701221 - Adv, Pub Rel, Cr Svc	$1,830,192	Provides planning and coordinating the dissemination of information through the mass media about the company and its activities. This includes the news media and paid communications through advertising to customers, shareholders and other interested stakeholder groups.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702003 - CREATIVE & GRAPHIC	$531,547	Provides strategic direction, management and execution of Dominion's brand through corporate identity, brand positioning and consulting. Responsible for design, execution and production of the annual report and for communications to customers through customer bills. Provides a full range of print and visual media from simple to complex including design, execution & production management.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702004 - MEDIA RELATIONS	$1,623,944	Provides all external communications activities and products for the electric side of Dominion. This includes new releases, standby statements, speeches, bill inserts, flyers, direct mail newsletters and other media relations products, as well as creating and maintaining relationships with key national, state and local reports.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702005 - MEDIA RELATIONS-GAS	$1,274	Provides corporate information to national news media and coordinate public relations throughout the natual gas side of the business.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702012 - EMP COMMUNICATIONS	$873,873	Coordinates and produces electronic and print publications that are distributed to company employees and retirees to keep them informed about the relevant company and industry issues. Employee Communications also organizes video presentations and live meetings to facilitate internal communications.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702013 - CORP COMMUNICATION	$110,567	Provides internet communications development and application; media and community relations support; shareholder publications writing and productions, and other special projects.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Corporate Planning	700204 - F&BS - Svc Co	$41,416	Provides financial, forecasting and budget support for Gas LDC's.	Capitalization	Yes	Yes	Yes
	701537 - DRS - Nuc F&BS	$752,608	Nuclear security, background checks, administer fitness for duty program	Direct Bill (No Allocation)	Yes	Yes	Yes
	702028 - FIN ANAL & PLAN-DRS	$302,969	Provides merger and acquisition analysis; Consolidation of corporate budget and 5 year plan. Also performs investment analysis and analysys support of large capital projects.	Capitalization	Yes	Yes	Yes
	702029 - FIN ANAL - GENRTN	$326,722	Provides financial analysis support and acquisition and diversity analysis for the Energy business.	Capitalization	Yes	Yes	Yes
	702030 - FIN ANAL-DEL/CS & EP	$1,875	Provides financal analysis support for the Exploration & Producing (E&P) side of the business. Also provide acquisition and diversity analysis of the E&P business.	Direct Bill (No Allocation)	Yes	Yes	Yes
	702129 - FIN ANAL - DEL/TRANS	$53,240	Provides financial analysis support and acquisition and diversity analysis for the delivery and transmission areas of the Energy business.	Capitalization	Yes	Yes	Yes
	704005 - GENERATION F&BS	$339,476	Oversees the Finance area of the GenerationBusiness	Capitalization	Yes	Yes	Yes
	704080 - Fin Mgmt - Asset Rep	$168,526	Manages Dominion's Six Sigma Program and Mergers & Acquisitions	Capitalization	Yes	Yes	Yes
	704098 - Gen Fin Plan & Analy	$1,184,503	Provide financial and analytical support for Generation's operations, business development activities, and environmental strategy.	Capitalization	Yes	Yes	Yes
	704099 - Portfolio Management	$192,098	The Green House Gas (GHG) Offsets provides expertise and services to create green house gas offsets and for all Dominion entities. Environmental Trading executes trades in support of Dominion's assets. Energy Trading Meteorology provides weather forecasting that benefits the marketing and hedging of Dominion's assets. Quantative Strategies provides analysis in support of asset hedging.	Capitalization	Yes	Yes	Yes
	704105 - ENERGY - F&BS	$34,405	Support development of Dominion Energy's 5yr plan, forecasting, & other financial planning within Gas Transmission, Gas Distribution, Appalachian E&P, and Producer Services, including Six Sigma Management.	Capitalization	Yes	Yes	Yes
	704205 - DRS F&BS - Svc Co	$618,076	Provide budget and financial analysis for the Service Company areas of operation	Capitalization	Yes	Yes	Yes
Corporate Secretary	703282 - CORP SECRETARY MGT	$46,417	Responsible for Board of Director parent company and all subsidiary corporate matters including record keeping and compliance filing.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703283 - Corporate Governance	$0					
Customer Service	700320 - CPS R&R	$1,328,395	Resolve all unposted payments and respond to customer inquiries involving payment processing.	Number of Customer Payments	Yes	Yes	Yes
	700321 - CPS Admin	$793,407	Responsible for all administrative activities for Mail Inserting, US Mail Payments, Research and Resolution, 3rd Party Payments, and Misc. Receipt Processing.	Number of Customer Payments	Yes	Yes	Yes
	700323 - Call Ctr Mgt	$771,315	Monitor capital and O&M business activities in call centers in all Delivery Companies	Number of Customer Payments	Yes	Yes	Yes
Emp Benefits/Pension	700877 - Benefits	$1,389,684	Provides benefits design, benefits administration, and benefits budgeting services for all Dominion Employees	Headcount	Yes	Yes	Yes
	701674 - DRS BENEFIT PLANS	$0					
Energy Marketing	704014 - DRS Price-Structure	$292,086	Provide support services for market origination and pricing functions for coal, electric, gas and oil commodity trading	Direct Bill (No Allocation)	Yes	Yes	Yes
	709122 - TWPG - ENT RISK MGT	$478,880	Provides oversight, analysis and planning for all Dominion physical and financial trading activities. Trading Compliance team monitors trading activities of all authorized traders to ensure strict adherence to Dominion trading policies and procedures, and monitors and records the market value of all of Dominion's trading obligations daily. Credit Management team evaluates counterparty financial exposure limits and performs contract administration. Risk Systems and Analysis team provides front office trading support, mark-to-market and value-at-risk measurement, market origination support and risk mgt reporting, as well as advising mgt as to the effectiveness of risk mediation strategies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes

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Virginia Electric and Power Company
Evaluation of Allocation Methods for DRS Cost Centers

Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Environmental	700208 - DRS Clarksburg	$31,943	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700209 - DRS Cleveland	$56,442	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700210 - Envir Pol & Complian	$691,467	Set environmental policy and ensure that policy is met	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700211 - Envir Oil	$539,966	Ensure environmental compliance for oil sites	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704024 - Environmental - DENE	$40,937	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704025 - ENVIR-GENERAL STAFF	$1,794,165	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704026 - Environ Lab Svcs	$1,151,844	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704027 - ENVIR-BIOLOGY	$1,370,976	Provides a full range of environmental services to the corporation in order to assure compliance with all applicable environmental laws and regulations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704045 - DRSN-MLSTN ENV MGMT	$2,459	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704046 - DRSN-MILLSTONE ENVIR	$13,074	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704047 - DRSN-MLLSTNE HAZ WST	$20	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704048 - DRSN-M S ENV-PROG GP	$2,731	There were no direct billings to any VP affiliate. Is this cost center trued up with other environmental cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704082 - New Projects	$721,116	Activity for specific projects will be charged to a specific "Capital Project." Other miscellaneous charges such as employee training will be allocated to geneeration (company wide).	Direct Bill (No Allocation)	Yes	Yes	Yes
Executive/Admin	700100 - CHIEF EXEC OFFICER	$5,132,425	Responsible for overseeing Dominion Resouces	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700102 - CHAIRMAN OF BOARD	$11,439	Responsible for overseeing Dominion Resouces	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700142 - FIN ANAL & PLAN-EXEC	$332,545	Oversees financial analysis and planning for the consolidated companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700205 - GAS DISTR EXEC	$0	Oversees the gas distribution side of Delivery Business				
	700228 - DRS RETAIL EXEC	$0	Oversees Dominion Retail operations				
	700229 - Gas & Elec Engy Exec	$155,933	Oversees transmission for the Energy Business	Direct Bill (No Allocation)	Yes	Yes	Yes
	700240 - Dominion Captal-Exec	$0	Oversees Dominion Capital operations				
	700460 - AUDIT SVCS EXEC	$389,646	Oversees Auditing services for all of Dominion to insure compliance with procedures.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700575 - TAX EXECUTIVE	$497,689	Oversees Tax Departments for compliance of Federal, State and International laws for all of Dominion	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700577 - EXTERNAL AFFAIR EXEC	$2,921,401	Oversees External Affairs and Corporate Communications (which includes Federal, State, and Local legislators) & all Dominion media relations.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700806 - HR EXECUTIVE	$529,360	Oversees HR issues related to employee and labor relations for the Service company and for the entire company.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700832 - TREASURY EXECUTIVE	$1,167,723	Oversees all Treasury departments. Covering Finance and Cash Management.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700888 - CHIEF ACTG OFFICER	$1,056,740	Oversees accounting for all Dominion companies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700890 - Chief Admin Officer	$879,728	Oversees Service Company HR, IT, Shared Services and Stockholder Services.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701260 - DomEngy Clmghs Exec	$0	Oversees the clearinghouse gas trading/portfolio management operations and the field services operations				
	701675 - DRS SUPPLMNTL BFIT	$127,856	Service company benefits - Executive	Allocated within DRS before billing	Yes	Yes	Yes
	701720 - CHIEF INFO OFFICER	$774,799	Oversees all Dominion IT functions (hardware and software).	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702000 - Generation Executive	$2,377,676	Oversees the operation of Energy Companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702044 - SHARED SERVICES EXEC	$432,883	Oversees the Shared Service department of Dominion, including Supply Chain, Fleet, Remittance Processing, and Facilities	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702901 - Generation DRS Elim	$1,593,432	Benefit Accounting adjustments for DRS non-managed groups	O&M expenses excluding cost of sales items (generation only)	Yes	Yes	Yes
	702902 - Energy DRS Elim	$0	Benefit Accounting adjustments for DRS non-managed groups				
	702903 - Delivery DRS Elim	$282,223	Benefit Accounting adjustments for DRS non-managed groups	O&M expenses excluding cost of sales items (delivery only)	Yes	Yes	Yes
	702904 - Producing DRS Elim	$0	Benefit Accounting adjustments for DRS non-managed groups				
	703233 - LEGAL SERVICES EXEC	$883,960	Oversees all Dominion Legal issues (inhouse and out)	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703274 - EXEC - DELIVERY	$2,932,914	Oversees the operation of Delivery Companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Executive/Admin (cont.)	703281 - CORP SECRETARY EXEC	$16,514	Oversees Dominion stockholder services and Corporate Secretary function	Direct Bill (No Allocation)	Yes	Yes	Yes
	703498 - CHIEF FINANCIAL OFFR	$2,837,163	Oversees the Service Company operations and is the Chief Financial Officer of Dominion	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704000 - DRS Finl Mgt Exec	$577,316	Oversees financial management for the Service company.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704001 - ELEC DISTRIB EXEC	$4,519,318	Oversees Electric Distribution - Delivery Operations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704002 - Regulation Exec	$1,266,403	Oversees all Dominion generating assets.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704003 - Reg & Int Plang Exec	$4,336,618	Oversees Bulk Sales for Energy	Direct Bill (No Allocation)	Yes	Yes	Yes
	704004 - FIN EXEC DELIVERY	$765,142	Oversees the Finance area of the Delivery Business	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704006 - CHIEF ENVIR OFFICER	$351,754	Oversees Dominion Environmental Services to assure compliance with all applicable environmental laws and regulations.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704008 - NUCLEAR EXEC CORP	$3,338,393	Oversees the Nuclear business in Energy	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704009 - PORTFOLIO MGT EXEC	$193,598	Oversees Portfolio Management, Energy Market Services, and Field Services				
	704012 - BUS DEV & GEN CONST	$1,062,129	Executive and Administrative support for new business development & generation construction department	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704018 - FOS & HYD EXEC	$2,044,442	Oversees all F&H plants for the Energy Business	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704019 - NUCLEAR EXEC SURRY	$1,730,242	Oversees operation of Surry Nuclear Plant	Direct Bill (No Allocation)	Yes	Yes	Yes
	704020 - NUCLEAR EXEC N_ANNA	$1,265,591	Oversees operation of North Anna Nuclear Plant	Direct Bill (No Allocation)	Yes	Yes	Yes
	704021 - Regulatory Fed Exec	$254,852	Oversees operation of Dominion's regulated transmission operations	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704029 - MILLSTONE EXECUTIVE	$0	Oversees operation of Millstone Nuclear Plant				
	704062 - Gas & Elec Del Exec	$1,206,624	Delivery Executives	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704085 - Business Plang Exec	$550,352	Provide Business Planning and Market analysis for all Dominion companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704129 - Exec Site VP - DEK	$0	Executive & Administrative services for the Kewaunee Power Plant				
External Affairs	700237 - Legislative Outreach	$831,123	Provides operating company support - constituent complaint management; community outreach in support of local operations; management of local charitable giving activity enhancing the quality of life in the communities in which we operate; local permit and ordinance administration; political participation in local government activities and promote positive company image.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700244 - DRS Gas Philnthrpy	$151,950	Responsible for directing and managing Dominion Foundation and Philanthropy programs for the corporation. Oversee giving programs in all regions for all companies. Provide support to Officers and senior management on various community and corporate relations activities/initiatives (primarily in PA)	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700578 - State & Federal Affr	$133,389	Provides Gederal, State and Local advocacy support and education as well as developing and maintaining professional relationships with policy makers, elected officials, staff and opinion leaders. Also includes PAC and grassroots support and overall departmental coordination.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700581 - COMMUNITY AFFAIRS	$1,085,480	Provide a positive public perception of the company, through (1) Philanthropic Programs (EnergyShare, Fan Care, Volunteers, (2) Information Programs (Educational Outreach, Grass roots, Speakers Forumand Tours) and (3) Constituency Programs (African American Leadership Series, Executive Roundtables, Special Events).	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701676 - FEDERAL AFFAIRS	$1,146,228	Track and draft legislation which affects all aspects of Dominion. Lobby to pass postive legislation or kill adverse legislation. Serve as liaisons to officials who are decision makers for legislation and/or regulations which affect Dominion. Market Dominion to provide a better understanding of who Dominion is and what we do.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	701677 - DT I State & Local	$32,824	Build and maintain relationships with local and state elected officials. Provide a visible presence within Dominion's franchised service area.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701678 - MA STATE & GOVT AFF	$233,122	Develop responsible public policy positions to enhance the company's competitive position, e.g. increase revenues and reduce expenses. Also provide critical policy analysis of issues and trends afecting Dominion's business strategies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702006 - NE State+Local Affrs	$37,303	Provides service to the organization by focusing on state legislative actions, state regulatoy rulemakings, permitting, project coordination and political action committee coordination/solicitation. Also provides extensive knowledge of the business along with proactively seeking bottom line savings to the organization, builds and maintains relationships as well as providing community involvement.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702007 - CORP PUB POLICY	$1,041,736	Coordinator of State and Local Gov't Affrs & Corp Public Policy. Will also house the services of the Polical Affairs Mgr (CRG).	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702014 - CORP PHILANTHROPY	$1,063,838	Provide services in support of corporation strategies for managing relations with federal, state, and local government and agencies. Responsible for administering the corporate contributions program.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	702016 - INTERNET COMM	$628,760	Creation and maintenance of www.dom.com	O&M - All VP Companies	Yes	Yes	Yes
	703287 - DRS NUC PUB AFRS	$1,965	Handle public relations, government and regulatory affairs for nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	704068 - MW Comm Affrs StLoc	$51,402	Build and maintain relationships with local and state elected officials. Provide a visible presence within Dominion's franchised service area.	Direct Bill (No Allocation)	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Facilities	700230 - DRS FAC MGMT-NORTH	$247,460	Provide management of the building maintenance and building-related project support for buildings located in various companies in Ohio, Penn, and West Virginia.	Square Footage	Yes	Yes	Yes
	700231 - DRS FMN - Contr/Proj	$433,557	Provide building maintenance and building-related project support for buildings located in various companies in Ohio, Penn, and West Virginia.	Square Footage	Yes	Yes	Yes
	703221 - FACILITIES MGMT	$581,574	Provide management of the building maintenance, property management, and security functions across the entire enterprise	Square Footage	Yes	Yes	Yes
	703225 - REAL ESTATE - DRS	$184,867	Provide property management services (lease/sublease management and property sales) across the entire enterprise	Square Footage	Yes	Yes	Yes
	704031 - R/E DRS PROPERTIES	$14,705	Not service related. This includes direct costs for DRS buildings (lease payments, depreciation, etc).	Determined by receiving department cost allocation method	Yes	Yes	Yes
	704037 - DRS Facilities-Rich	$21,431	Provide building maintenance and building-related project support for the Tredegar Street Complex. This includes direct costs for DRS buildings (lease payments, depreciation, etc).	Determined by receiving department cost allocation method	Yes	Yes	Yes
	704090 - DRS Tred Bldg VPEM	$0	Capture VPEM allocated costs from the DEC cost pool				
	704091 - DRS Tred Bldg DEMI	$0	Capture DEMI allocated costs from the DEC cost pool				
	704092 - DRS Tred Bldg CNGR	$0	Capture CNGR allocated costs from the DEC cost pool				
	704093 - DRS DEC Tred VPET	$0	Capture VPET allocated costs from the DEC cost pool				
	704094 - DRS DEC Tred CNGT	$0	Capture CNGT allocated costs from the DEC cost pool				
	704095 - DRS DEC Tred DTECH	$0	Capture DTECH allocated costs from the DEC cost pool				
	704137 - DRS Facilities-Hang	$127,665	Provide building maintenance and building-related project support for the Richmond Hanger.	Direct Bill or Allocation (O&M factor)	Yes	Yes	Yes
	704237 - DRS Facil-ProjCont	$13,204	Provide building maintenance and building-related project support for the Tredegar Street Complex.	Square Footage	Yes	Yes	Yes
Fleet Mgt	702045 - DRS FLEET S&S	$817,621	Provides management/oversight to the Fleet Management function across the entire enterprise. Includes Fleet Systems support, Management of the the acquisition/disposal function including vehicle specifications, and oversight of the maintenance function.	Number of Vehicles	Yes	Yes	Yes
	702054 - FLEET-DRS (NO LABOR)	$0	M4 ENTRY	Allocated within DRS before billing			
Generation Business Development	700011 - BUS DEVELOPMT	$2,455	Grow the Company's earnings through the development and acquisition of power generating stations.	Direct Bill (No Allocation)	Yes	Yes	Yes
	704069 - Bus Dev - Nuclear	$25,151	Nuclear project support for new business development and generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704086 - Const Fin Mgmt & Con	$1,623,335	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704087 - Gen Dev - Bus Devel	$399,876	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704104 - Bus Dev- Renewables	$51,521	Renewables project support for new generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
Generation Business Operations	700035 - DRSN - NUC OVERSIGHT	$2,388,050	Audit nuclear sites to insure compliance with procedures	Direct Bill (No Allocation)	Yes	Yes	Yes
	700920 - DRSN-RECORDS MGMT	$1,157,775	Provide records management support to nuclear and fossil & hydro	Direct Bill (No Allocation)	Yes	Yes	Yes
	701454 - DRSF - F/H(Inact)	$1,121	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701510 - DRSN-NUC LIC/OPS SUP	$2,513,983	Provide licensing and operational support to insure compliance with local, state and federal laws; interact with NRC	Direct Bill (No Allocation)	Yes	Yes	Yes
	701512 - DRSN -EMERGENCY PLAN	$929,943	Maintain the nuclear EP program, interact with local, state and federal emergency organizations to insure compliance with emergency plans, run drills, maintain EP facilities	Direct Bill (No Allocation)	Yes	Yes	Yes
	701516 - DRSN - NUC TRAINING	$2,550,359	Oversee nuclear training program (initial, requalification, and special programs), develop course work and training materials, insure compliance with nuclear training requirements	Direct Bill (No Allocation)	Yes	Yes	Yes
	701524 - DRSN - NUC FLT INTEG	$919,912	Provide licensing and operational support to insure compliance with local, state and federal laws; interact with NRC	Direct Bill (No Allocation)	Yes	Yes	Yes
	701527 - DRSN - EMP CONCERNS	$462,464	Identify and resolve safety and compliance issues a Dominion's nuclear stations.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701532 - DRSN - ADMIN SVCS	$926,486	Director of nuclear security and emergency preparedness functions	Direct Bill (No Allocation)	Yes	Yes	Yes
	701534 - DRSN-ACCESS SERVICES	$1,281,463	Nuclear security, background checks, administer fitness for duty program	Direct Bill (No Allocation)	Yes	Yes	Yes
	701865 - DRSN-NUC ORG EFF	$294	Provide direction for the move of the nuclear business to a deregulated environment	Direct Bill (No Allocation)	Yes	Yes	Yes
	703038 - DRSN - NUC FUEL PROC	$1,828,865	Purchase uranium and oversee the processing of nuclear fuel	Direct Bill (No Allocation)	Yes	Yes	Yes
	703173 - DRSF - OPE(Inact)	$869	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703174 - DRSF - OUTAGE PLANNG	$3,377,317	Perform all operations and maintenance activities for VPREG assets mainly based on outage schedules.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703175 - DRSF-F&H (Inact)	$58	Provide overall system asset management services for both capital & expense for VP approvals.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703178 - DRSF - EMISSIONS MON	$2,626,291	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703179 - DRSF - F&H(Inact)	$1,787	Provide system ash, coal surveying, lime cost savings	Direct Bill (No Allocation)	Yes	Yes	Yes
	703184 - DRSF - Tech Svc Supp	$1,322,914	Oversee daily F&H System Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703185 - DRSF-Tech Svc OpSupp	$1,555,396	Oversee daily F&H System Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703186 - DRSF - Inactive	$43,275	Engineering construction to modify existing systems to utilize new synthetic fuel in place of coal	Direct Bill (No Allocation)	Yes	Yes	Yes
	703187 - DRSF-Proj Mgmt	$2,888,314	Provides process improvement, configuration management & business development support for F&H System stations	Direct Bill (No Allocation)	Yes	Yes	Yes
	704013 - DRS GEN PROJ MGT	$29	Perform all engineering services for Virginia Power & Dominion Energy Inc. assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	704050 - DRSF-CC PROJ UNREG	$0	Perform all project management & engineering services for combined cycle CT projects for VPDEI assets.				
	704052 - DRSF-F&H EXEC ADMIN	$297,603	Perform all long term planning & cost evaluations for new & replacement projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	704064 - DRSN-NUC SPEC PROJ	$578,319	Oversee all regulated and unregulated nuclear six sigma projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	704067 - DRSF-STA OPER MGT	$190,590	O&M Management/consulting to Merchant/System stations	Direct Bill (No Allocation)	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Generation Human Resources	701460 - DRSF - F&H TRAINING	$3,567,335	Provide training to all areas of Fossil & Hydro. In some cases, this group trains other business areas, but will direct bill in those circumstances.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703296 - DRSF - F&H SAFETY	$1,132,791	Provide safety awareness to all areas of Fossil & Hydro. In some cases, this group trains other business areas, but will direct bill in those circumstances.	Direct Bill (No Allocation)	Yes	Yes	Yes
Generation Operations	700485 - DRSN -CIVIL ENG	$1,084,573	Provide general civil engineering support to nuclear sites	Direct Bill (No Allocation)	Yes	Yes	Yes
	700486 - DRSN-NPD SPS ICUP	$1,687,255	Manage the Surry I&C computer upgrade projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	700487 - DRSN -ENG MECHANICS	$1,735,591	Provide general engineering support to nuclear sites on mechanical systems	Direct Bill (No Allocation)	Yes	Yes	Yes
	700496 - DRSN -ELEC ENG/I & C	$2,046,488	Provide general engineering support for I&C computers at nuclear sites	Direct Bill (No Allocation)	Yes	Yes	Yes
	700497 - DRSN - CONFIG CONTRL	$1,000,494	Maintain MOV/AOV program	Direct Bill (No Allocation)	Yes	Yes	Yes
	700499 - DRSN Nuc Spent Fuel	$901,233	Management of nuclear spent fuel and spent fuel storage facilities	Direct Bill (No Allocation)	Yes	Yes	Yes
	700501 - DRSN-NUC SAFETY M&M	$1,496,801	Provide engineering support for overall nuclear fuel safety	Direct Bill (No Allocation)	Yes	Yes	Yes
	700502 - DRSN -CORE DESIGN II	$2,016,345	Reactor engineers, maintain integrity of the reactor core design	Direct Bill (No Allocation)	Yes	Yes	Yes
	700503 - DRSN-FUEL PERF ANAL	$644,612	Monitor fuel performance, determine assemblies to be replaced during refueling outages	Direct Bill (No Allocation)	Yes	Yes	Yes
	700504 - DRSN -NUC SPENT FUEL	$961,251	Track used fuel, manage spent fuel storage facilities at nuclear sites, resolve storage issues	Direct Bill (No Allocation)	Yes	Yes	Yes
	700528 - DRSN -DESIGN DIR ADM	$564,320	Oversee all design engineering functions	Direct Bill (No Allocation)	Yes	Yes	Yes
	701156 - DRSN -NUC ANAL/FUEL	$996,265	Oversee nuclear fuel program	Direct Bill (No Allocation)	Yes	Yes	Yes
	701161 - DRSN - PPA APPS	$1,279,935	Nuclear Predictive Risk Analysis Support	Direct Bill (No Allocation)	Yes	Yes	Yes
	701456 - DRSF - F/H PROJ SUPP	$2,271,629	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701623 - DRSN-NPD TURB/RPUP	$2,889,274	Provide engineering support for the turbine upgrade and reactor power uprate projects	Direct Bill (No Allocation)	Yes	Yes	Yes
	701649 - DRSN-PRA Models	$1,011,931	Nuclear Predictive Risk Analysis Support	Direct Bill (No Allocation)	Yes	Yes	Yes
	701650 - DRSN-MECH ENG/PROC	$1,911,450	Provide general engineering support for process systems at nuclear sites	Direct Bill (No Allocation)	Yes	Yes	Yes
	701651 - DRSN-NUC ENG ADMIN	$1,805,875	Oversee nuclear engineering program	Direct Bill (No Allocation)	Yes	Yes	Yes
	701830 - DRSN-CONFIG MGMT	$5,335	Develop, implement and maintain UFSAR, and EDS/Q-list programs	Direct Bill (No Allocation)	Yes	Yes	Yes
	701831 - DRSN-NUCLEAR DBD	$1,493,514	Develop, implement and maintain nuclear design basis documents	Direct Bill (No Allocation)	Yes	Yes	Yes
	701832 - DRSN-Dir Nuc Eng Prg	$1,811,388	Address engineering issues that were identified during 2003 INPO evaluation.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701833 - DRSN-NUCLEAR PROGMS	$791,614	Provide engineering support on valve, motor, etc programs.	Direct Bill (No Allocation)	Yes	Yes	Yes
	701850 - DRSN-NUC PROJS DEPT	$334,074	Director of nuclear projects department, oversee all large nuclear projects, project cost control and estimating	Direct Bill (No Allocation)	Yes	Yes	Yes
	701852 - DRSN-NPD CIVIL/MECH	$0	Provide engineering support for large civil and mechanical capital and O&M projects at nuclear sites				
	701853 - DRSN-NPD PROJECTS	$137,032	Manage nuclear license renewal projects - North Anna and Surry, Millstone, Surry ISFSI	Direct Bill (No Allocation)	Yes	Yes	Yes
	701854 - DRSN-NPD ELEC/I&C PR	$61,191	Provide lead engineering support on all electrical and I&C projects for nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	701855 - DRSN-NPD CIVIL/MECH	$139,608	Provide lead engineering support on all civil/mech projects for nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	701856 - DRSN-NPD PROJ CTLS	$864,210	Provide project cost estimating and reporting assistance to nuclear engineering groups	Direct Bill (No Allocation)	Yes	Yes	Yes
	701860 - DRSN-EARLY SITE PERM	$984,939	Evaluate sites for new nuclear construction	Direct Bill (No Allocation)	Yes	Yes	Yes
	703172 - DRSF - SYSTEM SUPP	$2,710,407	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703175 - DRSF-F&H	$0	Provide overall system asset management services for both capital and expense for VP approvals				
	703176 - DRSF - SYSTEM ENG	$2,267,203	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703179 - DRSF - F&H	$0	Provide system ash, coal surveying, lime cost savings				
	703180 - DRSF - ENGINEERING	$413,718	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703181 - DRSF - ELECTR I & C	$5,381,613	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703182 - DRSF - BOP SYSTEMS	$1,549,589	Perform all engineering services for both VPREG & VPDEI assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703183 - DRSF - ENGR ENVIRON	$1,169,420	Perform all operations and maintenance activities for VPREG assets.	Direct Bill (No Allocation)	Yes	Yes	Yes
	703186 - DRSF	$0	Engineering and construction to modify existing systems to utilize new synthetic fuel in place of coal				
	703188 - DRSF - F&H GEN PROJ	$809,226	Engineer and build new coal facility in Southwest Virginia	Direct Bill (No Allocation)	Yes	Yes	Yes
	704088 - F&H Con- Engineering	$615,609	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
	704089 - Comb Turb & Renew	$1,013,735	Project support for new business development & generation construction department	Direct Bill (No Allocation)	Yes	Yes	Yes
General Services	703211 - DRS Off Svc Mgt	$170,657	Provide management/oversight to various general services functions across the enterprise, including Printing Services, Mailing Services, and Records Management	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703214 - DRS DOCUMENT SVCS	$1,151,913	Provide printing services across the entire enterprise.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703226 - DRS MAIL	$446,116	Provide mailing services (except Inserting) across the entire enterprise -- excludes customer bills.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	703227 - INSERTING - DRS	$10,247,339	Provides inserting & mailing services for all customer bills for Virginia Power, EOG, PNG, and HGI.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704036 - DRS Records Mgt	$206,631	Provides oversight & management of the Records Management function across the entire enterprise.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704043 - DRS FORMS & PROC	$182,669	Provides support across the entire enterprise for company forms and procedures.	O&M expenses excluding cost of sales items	Yes	Yes	Yes

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Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Human Resources	700807 - Staffing	$2,985,216	Manages recruiting, staffing programs, Affirmative Action compliance program, and employee testing programs.	Headcount	Yes	Yes	Yes
	700808 - DRS HR Support	$904,201	Supports all of DRS management and employees in attracting, retaining, and motivating workforce. Ensure that DRS is in compliance with laws and regulations	Headcount	Yes	Yes	Yes
	700824 - HR Planning Admin	$797,968	Provide HR Planning dept support & administrative services, Six Sigma resources and project management	Headcount	Yes	Yes	Yes
	702001 - Compensation	$518,549	Manages corporate pay policy, salary structure, and incentive program development and administration for all Dominion	Headcount	Yes	Yes	Yes
	702002 - Exec Compensation	$0	Provide design, development and administration of executive compensation & benefit programs & employment agreements				
	702733 - Total Comp Admin	$193,242	Provides Mergers, Acquisitions, and Divestiture HR coordination for Dominion.	Headcount	Yes	Yes	Yes
	703243 - Employee Relations	$988,122	Responsible for Policy Development and Interpretation, investigate employee/management concerns, including possible violations of labor laws.	Headcount	Yes	Yes	Yes
	703244 - Employee Services	$480,998	Oversee administration of FML, STD, LTD, Workers' Comp and EAP programs and insure compliance with Federal Drug and Alcohol Programs (OSHA, DOT, NRC). Manage the Employee Service Center.	Headcount	Yes	Yes	Yes
	703245 - Workforce Admin	$337,192	Perform data analysis and track performance metrics. Overall dept administration and mgmt.	Headcount	Yes	Yes	Yes
	703246 - DOM VP Admin	$349,866	Supports Gas and Electric Delivery management and employees in HR policy administration.	Headcount	Yes	Yes	Yes
	703250 - Talent Management	$620,488	Provides leadership learning and development opportunities, consulting services focusing on team and business unit effectiveness, and employee performance management tools, and facilitates succession planning,	Headcount	Yes	Yes	Yes
	704053 - HR Dom Generation	$643,066	Supports all Generation (merchant and non-merchant) mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704054 - HR Dom Energy	$38,860	Supports all Energy mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704055 - HR F&H Generation	$1,004,635	Supports all merchant and regulated Fossil and Hydro Generation mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704056 - HR Nuclear Generatio	$1,034,577	Supports all merchant and regulated Nuclear Generation mgt & employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704057 - HR Communications	$178,677	Prepare & distribute all communications to employees on HR-related topics. Communications strategy/planning and change management support within HR and for business unit leadership and employees.	Headcount	Yes	Yes	Yes
	704058 - HR Del Elec Oper	$947,621	Supports Electric Transmission & Distribution mgt and employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704059 - HR East Ohio Gas	$590	Supports EOG management and employees in HR policy administration.	Direct Bill (No Allocation)	Yes	Yes	Yes
	704060 - Divestiture Support	-$45,748	There were some billings to VP affiliates (using HR.Alloc1 so why is the amount charge to the VP affiliates a credit? Is this cost center trued up with other HR cost centers and through that process a piece is allocated to VP?	Direct Bill (No Allocation)	Yes	Yes	Yes
	704066 - Business Performance	$435,128	Develop HR metrics for business productivity and effectiveness, and manager HR data integrity.	Headcount	Yes	Yes	Yes
	704070 - Gas Labor Relations	$28,774	Conduct labor negotiations and track costs of labor practices for gas affiliates	Headcount	Yes	Yes	Yes
	704071 - HR Dom VP Cust Svc	$603,601	Supports Dominion Virginia Power management and employees in HR policy administration.	Headcount	Yes	Yes	Yes
	704072 - Loc 50 Labor Reln	$1,091,325	Conduct labor negotiations and track costs of labor practices for VA Power Local 50	Headcount	Yes	Yes	Yes
	704073 - Merc Labor Relations	$5,705	Conduct labor negotiations and track costs of labor practices for the Generation Merchant Plant companies.	Headcount	Yes	Yes	Yes
	704074 - WF Diversity/Plang	$390,271	Provide enhanced focus on employee diversity in support of the business units; manage the support of the business units for workforce planning research & best practice identification; take a leadership role with external organizations	Headcount	Yes	Yes	Yes
Information Technology	700221 - IT Virginia Powr T&D	$15,613,617	Labor and expenses for the support of Customer Service, Electric Distribution, Electric Transmission, and Retail	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701264 - CORP TELECOM	$4,181,314	Labor and expenses for operations and maintenance of the telecommunications department.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701703 - IT BUS ACT-ADMIN/MGT	$1,808	Labor and expenses for the support of Application Systems	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701704 - IT Enterprise Svcs	$5,101,228	Labor and expenses for the support of Enterprise Applications (Web Services, General Applications, Business Intelligence)	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701705 - IT BUS ACCT - GEN	$6,887,490	Labor and expenses for the support of the Generation BU	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701707 - Production Control	$1,039,398	Labor and expenses for Production Control and Change Management	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701708 - IT Strategy	$805,809	Labor and expenses including consultants, for individuals who manage architecture and standard products	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701709 - NETWORK RELIAB	$0	Labor, hardware, and software expenses to provide improved and reliable network services.				
	701710 - Enterprise Tech Sys	$2,543,222	Labor and expenses for major network and computing software and hardware.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701711 - IT Cust Svc & Retail	$5,987,755	Labor and expenses for the support of the Retail Business	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes

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Virginia Electric and Power Company
Evaluation of Allocation Methods for DRS Cost Centers

Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Information Technology (cont.)	701712 - NETWORK OPERATIONS	$3,996,077	Labor and expenses for operations of Wide Area Network, including network command center				
	701713 - NETWORK OPERS CTR	$1,981,600	24x7 IT Network monitoring, troubleshooting, and dispatch. Primary contact for major internal customers such as SOC, Gas Control, ROC's, CCS	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701714 - ITBA - ENERGY	$2,762,969	Labor and expenses for managers, employees, and projects assigned to the business units of ITBA Energy. Business units are Dominion E&P, Clearinghouse, Gas Transmission, and Gas Delivery	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701730 - IT RISK MGMT	$2,161,500	Labor and expenses for IT Security Policy, Change/Problem Management, SAP Security and Business Resumption Planning	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701843 - ENTERPRISE ADMIN/MGT	$245,291	Labor and expenses for managers and directors who manage the enterprise operations and network	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	701994 - HELPLINE SUPPORT	$1,172,126	Labor and expenses including contractors for the corporate IT Helpdesk	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	702035 - IT END USER ACCTS	$702,698	Staff of employees who provide user computer accounts administration and manage wireless services vendors	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	702041 - IT BUS ACCT - E&P	$486	Labor and expenses for TSA support associated with the E&P Divestiture				
	703012 - LAN GROUP ACTIVITIES	$7,117,078	Labor and expenses for all desktop support and local area network operations.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703254 - MAINFRAME SYS ADMIN	$5,608,901	Labor, hardware, and software expenses to design, upgrade, and tune the mainframe	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703289 - DATA SERVICES	$2,562,517	Labor and expenses for central database management, data management, web and middleware management	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703357 - DISTR SYS ADMIN	$6,308,909	Total cost of ownership including labor, leases, depreciation of over 1400+ servers	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703359 - IT ASSET MGMT	$7,291,931	Hardware and software management including leasing program for all desktop, laptop and PC peripherals that are used by 17000 Dominion employees	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703385 - IT Enterprise System	$5,421,535	Labor and expenses for the support of Enterprise Applications (SAP, HR Systems, Lotus Notes, etc)	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703386 - Notes Solution Ctr	$930,936	Supports enterprise electronic mail and calendar services, including web mail access and instant messaging functionality.	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
	703640 - IT Process Systems	$882,506	Captures hardware, software, and labor costs for Enterprise applications specifically supporting the SAP application	Direct Bill or IT Allocations (Mainframe, EIDs, etc.)	Yes	Yes	Yes
Investor Relations	702034 - INVESTOR RELATIONS	$63,117	Responsible for maintaining communications between the Company and the entire Investment Community. In doing so, Investor Relations directly support senior management by keeping abreast of current equity market conditions and works with other departments in preparing material used to communicate to the investment community through various means.	Direct Bill (No Allocation)	Yes	Yes	Yes
Legal	703234 - LEGAL SERVICES	$6,713,991	Provides legal advice to all of the Dominion companies, including Dominion Services. Legal services addresses all matters typically confronted by a large corporation with both regulated and unregulated business units.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Operations	700214 - Gas Supply Area Acqu	$0	Responsible for gas supply planning, gas procurement, scheduling, nominations and regulatory support for the three LDCs. Develop and execute comprehensive short and long term plans dealing with appropriate levels of gas supply.				
	704079 - Conservatn Load Mgt	$1,173,147	Design, develop & evaluate conservation load management programs at the corporate level	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704083 - Integr Resource Pln	$1,904,701	Develop corporate level plans that integrate capacity options, transmission, and CLM programs in support of regulatory & strategic initiatives	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Other	704039 - DRS FAC COST POOL	$0	Collects DRS facilities costs that are assessed to DRS cost centers				
	704040 - DRS INFRASTRUCT COST	$0	Collects DRS infrastructure costs that are assessed to DRS cost centers				
	704139 - DRS DEC BLDG	$0	Tredegar St. DEC building Cost Pool				
	709901 - DRS COMMON	$7,118,322	Collects miscellaneous expenses (vacation accruals, ST incentive accruals, etc.). Assess to DRS service cost centers	Allocated based on associated services	Yes	Yes	Yes
Payroll	703348 - Payroll	$1,169,000	Provides payroll administration and information for all Dominion Companies. Prints all checks for Payroll, A/P, Rental payments, Customer Refunds.	Headcount	Yes	Yes	Yes
Procurement	702043 - SCM DRS Sourcing	$449,015	Supply Chain Management Sourcing activites for all non-IT groups				
	702048 - SUPP CH DEL SUPP	$500,542	Provides strategic sourcing; tactical procurement; inventory management and tracking; field logistics and order fulfillment; transportation services; rubbers goods management; transformer and switch refurbishment; hazardous and excess materials disposal for DOMVP.	Value of Purchases	Yes	Yes	Yes
	702049 - SUPP CH STRAT SRCG	$654,444	Develop & implement sourcing strategies to meet the business ojectives of all operating groups and corporate functions.	Value of Purchases	Yes	Yes	Yes
	702053 - SCM IT Sourcing	$443,767	Supply Chain Management Sourcing for IT groups	Value of Purchases	Yes	Yes	Yes
	703190 - SUPP CH GEN SUPP	$465,640	Advise and assist Dominion Energy in the procurement of materials, supplies and services, conduct purchase negotiations, prepare procurement agreements, and administer programs of material control	Value of Purchases	Yes	Yes	Yes

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Virginia Electric and Power Company
Evaluation of Allocation Methods for DRS Cost Centers

Service	Cost Center #-Description	$ to Dominion Virginia Power	Description of Services Provided	Cost Assignment Method	Benefit Received?	Is Allocation Method Fair?	Allocation Method in Service Agreement?
Procurement (cont.)	703191 - SCM Gen Central Src	$2,852,221	Advise and assist Dominion Energy in the procurement of materials, supplies and services, conduct purchase negotiations, prepare procurement agreements, and administer programs of material control	Value of Purchases	Yes	Yes	Yes
	703192 - SCM Gen FH Src	$113,791	Procure materials, supplies, and services and manage inventories for FH Operations	Value of Purchases	Yes	Yes	Yes
	703193 - SCM Gen Vend Surv	$642,482	Support procurement of materials, supplies, and services through procurement engineering and vendor surveillance activities.	Value of Purchases	Yes	Yes	Yes
	703194 - SUPP CH GEN SURRY	$193,146	Manage inventories and provide materials quality inspection activities for Nuclear Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703195 - SUPP CH GEN NANNA	$777	Manage inventories and provide materials quality inspection activities for Nuclear Operations	Direct Bill (No Allocation)	Yes	Yes	Yes
	703196 - SCM Gen Nuc Sourcing	$539,089	Procure materials, supplies, and services, manage inventories and provide material quality inspection activities for Nuclear Operations.	Value of Purchases	Yes	Yes	Yes
	703197 - SCM Elec TD Procure	$889,219	Procure materials, supplies, and services for Elec Trans & Distr	Value of Purchases	Yes	Yes	Yes
	703198 - SCM INVEST RECOV	$467,835	Provide investment recovery activiities for DomVP, Generation and Gas LDCs.	Value of Purchases	Yes	Yes	Yes
	703199 - SCM Gen DNC Mgt	-$106	Procurement activities supporting Generation Nuclear	Direct Bill (No Allocation)	Yes	Yes	Yes
	703201 - SCM Gen Proc Eng	$1,705,672	Procurement engineering activities supporting Generation Nuclear	Value of Purchases	Yes	Yes	Yes
	703202 - SCM Gen Inv Mgt	$836,537	Inventory management activities supporting Generation	Value of Purchases	Yes	Yes	Yes
	703203 - SCM E-Commerce	$0	Develop and implement Supply Chain Management E-Commerce Applications				
	703204 - SCM Supp Diversity	$575,464	Manage minority vendors	Value of Purchases	Yes	Yes	Yes
	703205 - SCM Gen DEK Sourcg	$0	SCM General sourcing - Kewaunee				
	703206 - SCM D Gas Mtl Ops	$0	Procure materials for the 3 gas LDCs				
	703207 - SCM D Gas Prd Matl	$0	Procure materials for the 3 gas LDCs				
Rates	704075 - DRS Rates Regulation	$38,291	Oversee Dominion's rate and regulatory activites at FERC. Respond to FERC inquiries. Prepare Dominion's rate and certificate applications.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704076 - Pricing & Regulatory	$0	Addressing pricing & Regulatory issues				
	704077 - Reg Compliance	$2,395,407	Virginia Power cost of service study based on historic information, and support for all regulated affiliate rate filings & audits by regulatory bodies.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	704084 - Reg Case Mgt/Comm'n	$1,209,089	Manage regulatory proceedings internally, and communicate information about these proceedings to all Dominion stakeholders.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Risk Management	700720 - CRO - Risk Managemt	$126,936	Responsible for Dominion's company-wide risk management function that will include risk identification, assessment, analysis, monitoring, communication and reporting.	O&M expenses excluding cost of sales items	Yes	Yes	Yes
	700722 - Corporate Risk	$496,382	Manage property & casualty, liability, and D&O insurance programs across the organization.	Insurance Premiums	Yes	Yes	Yes
	702033 - CLAIMS	$1,205,213	Administer all Insurance Claims for Dominion	Insurance Premiums	Yes	Yes	Yes
	704061 - Corp Risk Engr	$620,161	Oversee ways to control or reduce property claims within all of Dominion	Insurance Premiums	Yes	Yes	Yes
Security	703212 - Security - BGI	$876,184	Provide Background Investigations and Library/Research activities across the entire enterprise.	Headcount	Yes	Yes	Yes
	703240 - Security - MGR	$302,566	Provides management/oversight across the entire enterprise for security-related issues	Headcount	Yes	Yes	Yes
	704032 - Security - PHY	$1,184,257	Provides physical security support (contract guards, technical assistance for security equipment) across the entire enterprise	Headcount	Yes	Yes	Yes
	704035 - Security - INV	$583,124	Provides investigative services across the entire enterprise, excluding background investigations.	Headcount	Yes	Yes	Yes
	704078 - Security Compliance	$524,351	Physical security mandated by regulatory requirements-reporting requirements for these activities	Headcount	Yes	Yes	Yes
Shareholder Services	702015 - SHAREHOLDER ADMIN	$0	Administer the Company's direct stock purchase Plan (Dominion Direct), perform Transfer Agent and Registrar functions and provide record keeping services to 181,000 registered shareholders.				
Software Pooling	709902 - DRS Applicn Software	$3,026,825	Contains depreciation of application software. Assess to all DRS billing cost centers based on number of Employee ID's.	EIDs	Yes	Yes	Yes
	709905 - DRS Mainfrm Software	$262,640	Contains depreciation of mainframe software. Assess to all DRS billing cost centers based on number of mainframe units.	Mainframe units	Yes	Yes	Yes
Tax	702024 - CORPORATE TAXATION	$3,232,605	Responsible for all tax compliance and research (excluding payroll & certain benefit plan reporting) for all Dominion affiliates, for all federal, state and local tax audits, and for total income tax accounting.	Tax Return Income & Deductions	Yes	Yes	Yes
	702025 - TAX RESEARCH	$464,456	Responsible for providing technical tax research related to special projects and business strategies including mergers, acquisitions, divestitures as well as executive compensation and benefit issues.	Tax Return Income & Deductions	Yes	Yes	Yes
	702027 - TAXATION - E&P	$40,813	Responsible for all tax compliance and research (excluding payroll taxes and certain benefit plan reporting) for the Dominion E&P group of companies. Assist with all federal, state and local tax audits of the E&P affiliates. Coordinates income tax accounting for the E&P affiliates.	Tax Return Income & Deductions	Yes	Yes	Yes
Travel Services	702046 - TRAVEL SERVICES	$783,821	Administer & maintain travel services policy for all Dominion companies	O&M expenses excluding cost of sales items	Yes	Yes	Yes
Treasury	700242 - Asset Management	-$166,259	Manage all investments related to retirement plans and nuclear decommissioning	Capitalization	Yes	Yes	Yes
	700833 - Corporate Finance	$1,528,296	Responsible for Financing capital spending and acquisitions, liability management, bank and rating agency relationships.	Capitalization	Yes	Yes	Yes
	702031 - Short Term Debt Mgt	$61,250	Manages issuance of commercial paper	Capitalization	Yes	Yes	Yes
	702032 - Treasury Cash Mgmt	$1,288,882	Manages daily funding of operations and short term investments	Capitalization	Yes	Yes	Yes
		$350,456,982					

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Governance Practices Associated With DRS Charges

Several management practices exist to ensure that DRS charges to Dominion Virginia Power are appropriate. The most important of these approval and monitoring activities are described below.

Budget Process

Every year, DRS prepares a 5-year spending plan, the first two years of which show spending by month for each DRS cost center. The budgeting process begins in mid-July with each DRS cost center manager developing his/her unit's budget. A significant factor in each cost center's budget is the discussions that occur between DRS cost center managers and their affiliate operating unit (*e.g.*, Dominion Virginia Power) customers regarding the level and nature of future services they will require. After cost center budgets have been prepared, they are subjected to DRS management review and approval through September. During September, affiliate operating units are formally presented with their portion of DRS' proposed budget. Affiliates review and approve their DRS budget after considering the levels of services they require from DRS.

Variance Analysis Process

On a monthly basis, DRS Financial & Business Services and DRS Accounting analyze and explain material variances from budget. This variance analysis is applied as follows:

- DRS' income statement line item
- Billings by each of DRS' 26 service categories
- Billings by affiliate (*e.g.*, Dominion Virginia Power)

Dominion Virginia Power's own variance analysis process requires material variances between budget and actual DRS charges be researched and explained.

Affiliate Review of DRS Monthly Bills

Every month, a bill is rendered by DRS to each affiliate customer. An email is sent to Dominion Virginia Power segment controllers notifying them the DRS bill is available for review on the third business day of the month following the applicable billing month. According to corporate policy, inter-company invoices will not be paid until they have been reviewed and approved by the affiliate being billed.

The bill provides sufficient detail for Dominion Virginia Power to use in its variance analysis process. Dominion Virginia Power personnel also have the ability to drill down into SAP's transaction detail to identify and scrutinize the source of charges from DRS cost centers.

After Dominion Virginia Power controllers review their portion of the Dominion Virginia Power bill, they notify DRS Accounting of their approval or any disputes. If the bill is not disputed by the 25th day of the month, the invoice is released for payment.

Cost Allocation Manual

DRS maintains an Accounting Policy and Cost Allocation Manual (CAM) that documents the process by which it assigns costs to affiliate customers. Baryenbruch & Company, LLC's review of the CAM found it to be a comprehensive reference document that provides thorough directions

to DRS personnel responsible for assigning expenses to Dominion Virginia Power. DRS' cost allocation methodologies comply with governing requirements in the CAM.

DIRECT TESTIMONY
OF
PATRICK L. BARYENBRUCH
ON BEHALF OF
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUE-2009-_____

Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

Q. Please describe your educational and professional background.

A. During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead consultant, or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Among other duties, I have been responsible for evaluating the areas of affiliate charges and allocation of corporate expenses in the commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company (now Aqua America), and Pacific Gas & Electric Company. I received a Bachelor of Business Administration degree in Accounting from the University of Wisconsin-Oshkosh, and a Master of Business Administration degree from the University of Michigan. A statement of my background and qualifications is attached as Appendix A.

Q. What is your current title and what are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide financial and management and consulting services to utilities and their regulators.

Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the reasonableness of services provided by Dominion Resources Services, Inc. ("DRS") and other affiliates during the 12 months ended December 31, 2008 to Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company"). This study was performed in conjunction with Dominion Virginia Power's 2009 Base Rate Filing. The study is attached as Company Exhibit No. ___, PLB, consisting of Schedule 1, which was prepared under my supervision and is correct to the best of my knowledge and belief.

Q. What were the objectives of your study?

A. My study determined the reasonableness of Dominion Virginia Power's charges from DRS and other affiliates for services provided during 2008. Reasonableness was evaluated by answering the following four questions:

(1) Are service-related affiliate charges to Dominion Virginia Power reasonable compared to other utility service companies?

(2) Did affiliates provide services to Dominion Virginia Power at the lower of cost or market during 2008?

(3) Is the cost of DRS' customer accounts services comparable to those of other utilities?

(4) Are DRS' cost allocation methods reasonable?

Q. What conclusions did you reach concerning Question No. 1 – whether service-related affiliate charges to Dominion Virginia Power are reasonable compared to other utility service companies?

A. I concluded that the service-related affiliate charges incurred by Dominion Virginia Power were reasonable as to both cost and scope. Specifically, I determined that:

(1) DRS and other affiliates provide Dominion Virginia Power with services similar to those provided by other utility service companies.

(2) DRS' cost per Dominion Virginia Power customer is reasonable and favorable as compared to the cost per customer for similar utility service companies. Dominion Virginia Power was charged an average of $145 per customer by DRS, approximately 16% lower than an average of $172 per customer for comparison group service companies. This determination was based on service company information included in Form 60, which must be annually filed with the Federal Energy Regulatory Commission ("FERC") by electric and combination electric/gas utility holding companies. The comparison is based on data

from 2007, the latest year for which Form 60 information is currently available.

Q. What conclusions did you reach concerning Question No. 2 – whether affiliates provided services to Dominion Virginia Power at the lower of cost or market during 2008?

A. I made the following determinations:

(1) Affiliate services were provided to Dominion Virginia Power during 2008 at the lower of cost or market.

(2) On average, the hourly rates for outside service providers are 55% higher than comparable hourly rates charged by Dominion Virginia Power's affiliates.

(3) If all of the managerial and professional services now provided by its affiliates had been outsourced in 2008, Dominion Virginia Power and its customers would have incurred $167 million in additional expenses.

(4) Affiliates' charges do not include any profit markup. Only the actual cost of the service provided is being charged and proposed for recovery from Dominion Virginia Power customers.

Q. What did you determine concerning Question No. 3 – whether the cost of DRS' customer accounts services is comparable to that of other utilities?

A. I determined that the cost of DRS' customer accounts services is well below the average of the neighboring electric utility comparison group. During 2007, Dominion Virginia Power's customer accounts cost per customers was $19.52, or

more than 32% below the comparison group's 2007 average of $28.93. The comparison is based on data from 2007, the latest year for which FERC Form 1 information is available.

Q. What conclusions did you reach concerning Question No. 4 – whether DRS' cost allocation methods are reasonable?

A. DRS' methods for allocating expenses to affiliates such as Dominion Virginia Power are both reasonable and related to the causation of the allocated expenses. For each of over 290 DRS cost centers that charged Dominion Virginia Power during 2008, the services of those cost centers were found to be necessary for a utility like Dominion Virginia Power to operate. The cost allocation methods employed during 2008 are in accordance with the current DRS Services Agreement dated January 1, 2003, which has been approved by the Virginia State Corporation Commission.

Q. What other support did you find evidencing the reasonableness of DRS' charges to Dominion Virginia Power?

A. The following factors, among others, stood out as being particularly instructive of the care with which DRS' costs are allocated to Dominion Virginia Power:

(1) Governance Practices Associated with DRS Charges – Several management practices are in place to ensure that DRS' charges to Dominion Virginia Power are appropriate. These include DRS' budgeting and variance analysis processes, and the scrutiny given to DRS' monthly bill by Dominion Virginia Power personnel.

(2) Cost Allocation Manual – DRS maintains an Accounting Policy and Cost Allocation Manual ("CAM") that documents the process by which it assigns costs to affiliate customers. Baryenbruch & Company, LLC's review of the CAM found it to be a comprehensive reference document that provides thorough directions to DRS personnel responsible for assigning expenses to Dominion Virginia Power. DRS' cost allocation methodologies comply with governing requirements in the CAM.

Q. Does this complete your testimony?

A. Yes, it does.

EXHIBIT PLB-1

Market Cost Comparison of Affiliate Company Charges To Massanutten Public Service Corporation

12 Months Ended June 30, 2006

Massanutten Public Service Corporation
Market Cost Comparison of Affiliate Company Charges
12 Months Ended June 30, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to determine if Massanutten Public Service Corporation (Massanutten) was charged the lower of cost or market for services provided by its affiliate, Water Service Corporation (WSC) during the 12 months ended June 30, 2006.

Study Results

The following conclusions can be drawn from this study:

- Massanutten was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2006.
- On average, the hourly rates for outside service providers are almost **74% higher** than the WSC's hourly rates.
- If all the managerial and professional services now provided by WSC had been out-sourced during the 12 months ended June 30, 2006, Massanutten and its ratepayers would have incurred an **additional $403,000** in expenses.

II - Background

Overview of Massanutten and Its Principal Affiliate Entities

Massanutten is a wholly-owned subsidiary of Utilities, Inc., which is one of the largest privately-owned water and wastewater companies in the US. Utilities, Inc. holds around 90 subsidiaries that operate more than 800 systems in 17 states, mainly in the eastern US and it serves more than 300,000 customers. About half of Utilities, Inc.'s revenue comes from water services and the other half from wastewater services; residential customers account for approximately 90% of sales. Utilities, Inc. also provides reuse water for irrigation purposes and for golf courses and car washes.

Massanutten has no employees of its own. All personnel serving Massanutten are WSC employees. Employees located in Virginia are involved in operating and maintaining the water and waste water utility facilities and equipment. Other WSC employees serving Massanutten are located in two regional offices and in the corporate headquarters in Northbrook, Illinois. Regional offices provide operations, engineering and call center services. Headquarters personnel provide the following services to operating utilities:

- Executive Management
- Engineering
- Operations
- Accounting
- Legal
- Billing and Customer Relations
- Construction
- Regulatory
- Information Technology
- Human Resources

Exhibit 1 shows which WSC office performs water utility services for Massanutten.

Massanutten Public Service Corporation
Designation Of Responsibility For Water And Waste Water Utility Functions

Primarily Responsible P Provides Support S	Water Services Corporation Location Performing Work			
Water and Waste Water Function	Massanutten, Virginia	Charlotte, NC SE Regional Office	Maryland, MD Cust Service Office	Northbrook, IL Headquarters
Engineering and Construction Management				
Long Term System Planning	S	P		S
Engineering Standards & Policies Development	S	S		P
Project Design				
Major Projects (e.g., new treatment plant)	S	P		S
Minor Projects (e.g., pipelines)	P	S		
Construction Project Management				
Major Projects	P	S		S
Minor Projects	P	S		
Hydraulics Review	P	S		
Developers Extensions	S	P		S
Tank Painting	P	S		
Water Quality and Purification				
Water Quality Standards Development	P	S		S
Research Studies				P
Water Quality Program Implementation	P	S		S
Water Treatment Operations & Maintenance	P	S		
Compliance Sampling	P	S		
Testing/Other Sampling	P	S		
Transmission and Distribution				
Preventive Maintenance Program Development	P	S		S
System Maintenance	P	S		
Leak Detection	P	S		
Customer Service				
Community Relations	P			
Customer Contact	P (direct)		P (phone)	S
Call Processing			P	
Service Order Creation			P	
Service Order Processing			P	
Customer Credit			P	
Meter Reading	P			
Customer Bill Preparation				P
Bill Collection			P	
Customer Payment Processing			P	
Meter Standards Development		P		
Meter Testing, Maintenance & Replacement	P	S		
Financial Management				
Financial Planning				P
Financings—Equity				P
Financings--Long Term Debt & Preferred				P
Short Term Lines of Credit Arrangements				P
Insurance Program Administration				P
Loss Control/Safety Program Administration				P
Pension Fund Asset Management				P
Cash Management/Disbursements				P
Rates				
Rate Studies & Tariff Change Administration				P
Rate Case Planning and Preparation				P
Rate Case Administration				P
Commission Inquiry Response				P

Massanutten Public Service Corporation
Designation Of Responsibility For Water And Waste Water Utility Functions

Primarily Responsible P Provides Support S	Water Services Corporation Location Performing Work			
Water and Waste Water Function	Massanutten, Virginia	Charlotte, NC SE Regional Office	Maryland, MD Cust Service Office	Northbrook, IL Headquarters
Budgeting and Variance Reporting				
Corporate Guidelines & Instructions				P
Regional Guidelines & Instructions				P
Operating Budget Preparation				
Revenue				P
O&M		S		P
Service Company Charges				P
Depreciation and Interest Expense				P
Capital Budget Preparation				
Project Work		S		P
Non-Project Work				P
Operating Budget Variance Report Preparation		S		P
Capital Budget Variance Report Preparation		S		P
Year-End Projections		S		P
Accounting and Taxes				
Accounts Payable Accounting				P
Payroll Accounting				P
Work Order Accounting				P
Fixed Asset Accounting				P
Journal Entry Preparation--Billing Corrections				P
Journal Entry Preparation--All Others				P
Financial Statement Preparation				P
State Commission Reporting				P
Income Taxes--State				P
Income Taxes--Federal				P
Property Taxes				P
Gross Receipts Taxes				P
Legal (A)				P
Purchasing and Materials Management				
Specification Development	P	S		
Bid Solicitation	P	S		
Contract Administration	S	P		S
Ordering	P	S		
Inventory Management	P	S		
Human Resources Management				
Benefit Program Development				P
Benefits Program Administration				P
Management Compensation Administration				P
Wage & Salary Program Design				P
Wage & Salary Administration				P
Labor Negotiations--Wages				P
Labor Negotiations--Benefits				P
Labor Negotiations--Work Rules				P
Training Program Development	S			P
Training--Course Delivery	P	S		S
Affirmative Action/EEO--Plan Development				P
Affirmative Action/EEO--Implementation				P
Information Technology Services				
Service Company Data Centers				P
System Operations & Maintenance				P
Software Maintenance				P
Network Administration				P
PC Acquisition & Support				P
Help Desk				P

Note A: Legal services were provided entirely by outside attorneys during the June 30, 2006 test year. Since then, in-house legal counsel has been hired by WSC.

Test Year Affiliate Charges To Massanutten

During the 12 months ended June 30, 2006, WSC charged Massanutten $546,010 for services. These transactions are covered by a service agreement between WSC and Massanutten dated July 20, 2005. The agreement describes the allocation methods for those expenses/costs that cannot be charged directly to Massanutten. It specifies that services are to be rendered at cost and without profit to the Service Company.

III – Service Company Market Cost Comparison

Cost Comparison Methodology

WSC's charges to Massanutten were tested to determine if they were priced at the lower of cost or market. This was accomplished by comparing the cost per hour for WSC managerial and professional services to those of outside service providers to whom this work could be outsourced. Based on the nature of the WSC services, it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management and human resources services
- Certified Public Accountants – accounting, information technology and rates/regulatory services
- Professional Engineers – operations, engineering, construction management

WSC's hourly rates were calculated for each service provider category, based on the dollars and hours charged to Massanutten during the 12 months ended June 30, 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

The last step in the market cost comparison was to compare WSC's average hourly costs to the average cost per hour for outside providers.

WSC Hourly Rates

WSC's hourly rates for management and professional services were calculated for charges during the 6 months ended June 30, 2006, a sample of the test year. As shown below, WSC salaries charged to Massanutten during that period totaled approximately $196,000 or 54% of total salaries charged.

		Quarter Ended				
Account	Item	9/30/05	12/31/05	3/31/06	6/30/06	Total
6019040	Salaries - Operations	$ 66,981	$ 67,177	$ 77,968	$ 72,768	$ 284,894
6019050	Salaries - Office	$ 14,969	$ 17,361	$ 20,147	$ 25,227	$ 77,704
	Total	$ 81,950	$ 84,538	$ 98,115	$ 97,995	$ 362,598
				$196,110		
				selected for review		

The sample period salaries were analyzed to determine which outside provider Massanutten would turn to provide the related services and, thus, market testable. In Schedule 2 (page 8), management and professional salaries were assigned to one of three outside service providers and separated from administrative and craft salaries. This was done because management and

professional services are testable while administrative staff expenses are considered an overhead that are "loaded" onto management and professional hourly rates and craft services are not market testable due to the lack of publicly available hourly rate survey data. Administrative staff salaries were determined to be 3.1% of management and professional expenses during the sample period, as calculated below.

Administrative Support Salaries (Sch 2)	$ 2,750
Management & Professional Salaries (Sch 2)	$ 89,599
Administrative Support as Percent of Management & Professional	**3.1%**

Schedule 2 lists salary-related charges by WSC position for the one or more employees occupying that position who charged Massanutten during the test year.

Schedule 3 (page 9) assigns the employee hours associated with the management and professional salaries from Schedule 2 to the three outside provider categories.

Schedule 4 (pages 10-11) shows an analysis by account of WSC charges to Massanutten during the 12-months ended June 30, 2006. The purpose of this schedule is to calculate the percent of non-labor to salaries so it can be used as an overhead in calculating the WSC hourly rate cost pools.

Based on the assignment of expenses and hours from Schedules 2 and 3, and applicable overheads, WSC's hourly rates are calculated below for the sample period of the 6 months ended June 30, 2006.

	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Management/Professional Salaries (Sch 2)	$ 16,356	$ 24,637	$ 48,606	$ 89,599
Overhead Items:				
Administrative Staff Salaries (3.1%) (Sch 2)	$ 502	$ 756	$ 1,492	$ 2,750
Non-Salaries-Related Expenses (30.7%) (Sch 4)	$ 5,021	$ 7,563	$ 14,922	$ 27,507
Total Cost Pool	$ 21,879	$ 32,956	$ 65,020	$ 119,855
Management and Professional Hours (Sch 3)	130	894	1,898	2,922
Average Hourly Rate	**$ 169**	**$ 37**	**$ 34**	

Massanutten Public Service Corporation
Assignment of WSC Salary-Related Charges To Outside Provider Categories

			WSC Salary-Related Charges to Massanutten						
Account	Group	WSC Position Charging Massanutten	Management Consultant	Certified Public Accountant	Professional Engineer	Total	Overhead - Admin Support	Not Testable	Total
6019040	Operations	Executive Assistant				$ -	$ 802		$ 802
6019040	Operations	Lead Operator				$ -		$ 45,480	$ 45,480
6019040	Operations	Operating Manager			$ 22,119	$ 22,119			$ 22,119
6019040	Operations	Operator				$ -		$ 58,282	$ 58,282
6019040	Operations	Project Manager			$ 5,951	$ 5,951			$ 5,951
6019040	Operations	Regional Director			$ 8,363	$ 8,363			$ 8,363
6019040	Operations	Regional Manager			$ 9,739	$ 9,739			$ 9,739
6019050	Accounting	Account Manager		$ 1,142		$ 1,142			$ 1,142
6019050	Accounting	Accountant		$ 458		$ 458			$ 458
6019050	Accounting	Data Entry Clerk		$ 445		$ 445			$ 445
6019050	Accounting	Dir. of Corporate Accounting		$ 944		$ 944			$ 944
6019050	Accounting	Manager, Budgeting		$ 543		$ 543			$ 543
6019050	Accounting	Senior Accountant		$ 491		$ 491			$ 491
6019050	Accounting	Utility Account Manager		$ 277		$ 277			$ 277
6019050	Admin	Director of Administration	$ 930			$ 930			$ 930
6019050	Admin	Executive Administrative Asst.				$ -	$ 415		$ 415
6019050	Admin	Facilities Manager				$ -	$ 341		$ 341
6019050	Admin	Mail Clerk				$ -	$ 261		$ 261
6019050	Admin	Office Assistant				$ -	$ 23		$ 23
6019050	Admin	Office Clerk				$ -	$ 213		$ 213
6019050	Admin	Receptionist				$ -	$ 499		$ 499
6019050	Billing	Billing Clerk		$ 259		$ 259			$ 259
6019050	Billing	Billing Manager		$ 422		$ 422			$ 422
6019050	Billing	Corporate CS Rep		$ 263		$ 263			$ 263
6019050	Cust Service	Customer Service Supervisor		$ 432		$ 432			$ 432
6019050	Executive	Executive Officers	$ 14,113			$ 14,113			$ 14,113
6019050	Human Res	Benefits Administrator		$ 401		$ 401			$ 401
6019050	Human Res	Director	$ 934			$ 934			$ 934
6019050	Human Res	HR Generalist		$ 335		$ 335			$ 335
6019050	Human Res	HR Manager	$ 378			$ 378			$ 378
6019050	Human Res	Payroll Administrator		$ 490		$ 490			$ 490
6019050	Info Tech	Assistant IT Manager		$ 397		$ 397			$ 397
6019050	Info Tech	Data Entry Clerk		$ 45		$ 45			$ 45
6019050	Info Tech	Data Processing Coordinator		$ 313		$ 313			$ 313
6019050	Info Tech	IT Help Desk Technician		$ 234		$ 234			$ 234
6019050	Info Tech	IT Assistant		$ 93		$ 93			$ 93
6019050	Info Tech	IT Manager		$ 527		$ 527			$ 527
6019050	Info Tech	Network Administrator		$ 310		$ 310			$ 310
6019050	Info Tech	Technician Supervisor		$ 46		$ 46			$ 46
6019050	Operations	Administrative Assistant				$ -	$ 65		$ 65
6019050	Operations	Area Manager			$ 413	$ 413			$ 413
6019050	Operations	Customer Service Rep		$ 5,942		$ 5,942			$ 5,942
6019050	Operations	Customer Service Supervisor		$ 5,897		$ 5,897			$ 5,897
6019050	Operations	Dir. of Operations Support			$ 642	$ 642			$ 642
6019050	Operations	Regional Vice President		$ 1,574	$ 1,324	$ 2,898			$ 2,898
6019050	Operations	Safety Manager			$ 54	$ 54			$ 54
6019050	Regulatory	Administrative Support				$ -	$ 131		$ 131
6019050	Regulatory	Manager of Regulatory Acctg		$ 528		$ 528			$ 528
6019050	Regulatory	Regulatory Accountant		$ 854		$ 854			$ 854
6019050	Regulatory	Sr. Regulatory Accountant		$ 975		$ 975			$ 975
		Total Charges - Jan 1 - Jun 30, 2006	**$ 16,356**	**$ 24,637**	**$ 48,606**	**$ 89,599**	**$ 2,750**	**$ 103,762**	**$ 196,110**

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Massanutten Public Service Corporation
Assignment of WSC Hours To Outside Provider Categories

			WSC Hours to Massanutten			
Account	Group	WSC Position Charging Massanutten	Management Consultant	Certified Public Accountant	Professional Engineer	Total
6019040	Operations	Operating Manager			1,120.5	1,120.5
6019040	Operations	Project Manager			299.1	299.1
6019040	Operations	Regional Director			184.4	184.4
6019040	Operations	Regional Manager			245.3	245.3
6019050	Accounting	Account Manager		52.8		52.8
6019050	Accounting	Accountant		14.7		14.7
6019050	Accounting	Data Entry Clerk		25.2		25.2
6019050	Accounting	Dir. of Corporate Accounting		15.7		15.7
6019050	Accounting	Manager, Budgeting		14.4		14.4
6019050	Accounting	Senior Accountant		15.2		15.2
6019050	Accounting	Utility Account Manager		15.0		15.0
6019050	Admin	Director of Administration	15.5			15.5
6019050	Billing	Billing Clerk		12.0		12.0
6019050	Billing	Billing Manager		14.8		14.8
6019050	Billing	Corporate CS Rep		16.3		16.3
6019050	Cust Service	Customer Service Supervisor		14.6		14.6
6019050	Executive	Executive Officers	85.1			85.1
6019050	Human Res	Benefits Administrator		16.3		16.3
6019050	Human Res	Director	15.5			15.5
6019050	Human Res	HR Generalist		15.8		15.8
6019050	Human Res	HR Manager	13.7			13.7
6019050	Human Res	Payroll Administrator		19.5		19.5
6019050	Info Tech	Assistant IT Manager		11.0		11.0
6019050	Info Tech	Data Entry Clerk		1.9		1.9
6019050	Info Tech	Data Processing Coordinator		13.5		13.5
6019050	Info Tech	IT Help Desk Technician		10.8		10.8
6019050	Info Tech	IT Assistant		6.4		6.4
6019050	Info Tech	IT Manager		11.2		11.2
6019050	Info Tech	Network Administrator		9.9		9.9
6019050	Info Tech	Technician Supervisor		2.4		2.4
6019050	Operations	Area Manager			15.2	15.2
6019050	Operations	Customer Service Rep		209.8		209.8
6019050	Operations	Customer Service Supervisor		252.9		252.9
6019050	Operations	Dir. of Operations Support			13.3	13.3
6019050	Operations	Regional Vice President		21.1	17.8	38.9
6019050	Operations	Safety Manager			2.8	2.8
6019050	Regulatory	Manager of Regulatory Acctg		14.7		14.7
6019050	Regulatory	Regulatory Accountant		36.3		36.3
6019050	Regulatory	Sr. Regulatory Accountant		29.4		29.4
		Total Hours - Jan 1 - Jun 30, 2006	**130**	**894**	**1,898**	**2,922**

Massanutten Public Service Corporation
Analysis of WSC Service-Related Charges

Account		Total Test Year	Service Related Expenses				Non-Service Related
Number	Description	Charges	Labor	Benefits	Other Exp	Total	Expenses
6019040	Salaries - Operations	$ 284,894	$ 284,894			$ 284,894	
6019050	Salaries - Office	$ 77,704	$ 77,704			$ 77,704	
6708001	Agency Expense	$ 238			$ 238	$ 238	
6338001	Legal Fees	$ 198				$ -	$ 198
6329002	Audit Fees	$ 2,870				$ -	$ 2,870
6369003	Temp Empl.	$ 540				$ -	$ 540
6369005	Payroll Services	$ 757				$ -	$ 757
6369006	Employ Finder Fees	$ 257			$ 257	$ 257	
6369009	Computer-Amort & Prog. Cost	$ 108			$ 108	$ 108	
6329014	Tax Return Review	$ 851				$ -	$ 851
6369012	Internet Supplier	$ 24			$ 24	$ 24	
6369090	Other Outside Services	$ 115				$ -	$ 115
6049000	Employee Pensions & Benefits	$ 2,941		$ 2,941		$ 2,941	
6049010	Health Ins. Reimb	$ 35,566		$ 35,566		$ 35,566	
6049011	Employee Ins. Deductions	$ (788)		$ (788)		$ (788)	
6049012	Health Costs & Other	$ 86		$ 86		$ 86	
6049015	Dental Ins. Reimbursements	$ 275		$ 275		$ 275	
6049020	Pension Contributions	$ 8,592		$ 8,592		$ 8,592	
6049050	Health Ins. Premiums	$ 524		$ 524		$ 524	
6049055	Dental Premiums	$ 39		$ 39		$ 39	
6049060	Term Life Ins.	$ 117		$ 117		$ 117	
6049065	Term Life Ins. - OPT	$ 3		$ 3		$ 3	
6049067	AFLAC	$ 6		$ 6		$ 6	
6049070	ESOP Contributions	$ 11,049		$ 11,049		$ 11,049	
6049080	Disability Insurance	$ 62		$ 62		$ 62	
6049090	Other Emp Pens & Benefits	$ 3,131		$ 3,131		$ 3,131	
6759001	Publ Subscriptions & Tapes	$ 103			$ 103	$ 103	
6759003	Computer Supplies	$ 61			$ 61	$ 61	
6759004	Printing & Blueprints	$ 265			$ 265	$ 265	
6759005	Postage	$ 488			$ 488	$ 488	
6759006	UPS & Air Freight	$ 218			$ 218	$ 218	
6759008	Xerox	$ 87			$ 87	$ 87	
6759009	Off Supply Stores	$ 419			$ 419	$ 419	
6759010	Reim of Off Emp Exp.	$ 29			$ 29	$ 29	
6759011	Envelopes	$ 1,585				$ -	$ 1,585
6759013	Cleaning Supplies	$ 42			$ 42	$ 42	
6759014	Memberships	$ 50			$ 50	$ 50	
6759016	Microfilming	$ 36				$ -	$ 36
6759007	Printing Customer Service	$ 71				$ -	$ 71
6759012	Bill Stock	$ 421				$ -	$ 421
6759051	Computer Supplies - Billing	$ 123				$ -	$ 123
6759090	Other Office Expense	$ 122			$ 122	$ 122	
6759110	Office Telephone	$ 31			$ 31	$ 31	
6759115	Office Comp Phone Line	$ (22)			$ (22)	$ (22)	
6759120	Office Electric	$ 345			$ 345	$ 345	
6759125	Office Water	$ 73			$ 73	$ 73	
6759130	Office Gas	$ 129			$ 129	$ 129	
6751935	Operators Telephones	$ 85				$ -	$ 85
6759210	Office Cleaning Serv	$ 383			$ 383	$ 383	
6759220	Landscaping, Mowing,Snow	$ 398			$ 398	$ 398	
6759230	Office Garbage Removal	$ 29			$ 29	$ 29	
6759260	Repair Off Mach & Heating	$ 15			$ 15	$ 15	
6759290	Other Office Maint	$ 725			$ 725	$ 725	
6759330	Memberships - Company	$ 8			$ 8	$ 8	
6759416	Employees ED Expenses	$ (4)			$ (4)	$ (4)	
7048055	Office Education/Train Exp	$ 520			$ 520	$ 520	
7758370	Meals & Related Exp	$ 335				$ -	$ 335
7758380	Bank Serv Charges	$ 3,282				$ -	$ 3,282
7758390	Other Misc General	$ 710			$ 710	$ 710	
6759018	Operators - Other Office Exp	$ (3)			$ (3)	$ (3)	
4032090	Depreciation - Office Struct.	$ 926			$ 926	$ 926	
4032091	Depreciation - Office Furn.	$ 1,052			$ 1,052	$ 1,052	
4032093	Depreciation - Telephones	$ 37			$ 37	$ 37	
4081303	Franchise Tax	$ 2			$ 2	$ 2	
4081121	Real Estate Tax	$ 1,092			$ 1,092	$ 1,092	

Analysis of Service-Related WSC Charges

Account Number	Account Description	Total Test Year Charges	Service Related Expenses: Labor	Benefits	Other Exp	Total	Non-Service Related Expenses
4081201	FICA Expense	$ 26,479		$ 26,479		$ 26,479	
4091060	SUTA	$ 571		$ 571		$ 571	
4091050	FUTA	$ 464		$ 464		$ 464	
4101000	Deferred Inc. Taxes - Federal	$ 131				$ -	$ 131
4131020	Rental Income	$ (17)				$ -	$ (17)
4141040	Sale of Trans Equipment	$ (243)				$ -	$ (243)
4192000	Interest - Interco.	$ 4,619				$ -	$ 4,619
4201000	Interest During Const	$ 2				$ -	$ 2
4272090	S/T Int Exp Other	$ (422)				$ -	$ (422)
6019045	Computer Salaries	$ 1,084	$ 1,084			$ 1,084	
6369007	Computer Maint	$ 762			$ 762	$ 762	
6369009	Computer-Amort & Prog. Cost	$ 281			$ 281	$ 281	
6369012	Internet Supplier	$ 140			$ 140	$ 140	
6759003	Computer Supplies	$ 304			$ 304	$ 304	
6759016	Microfilming	$ 148				$ -	$ 148
6759051	Computer Supplies - Billing	$ 422				$ -	$ 422
4032098	Depreciation - Computer	$ 1,229			$ 1,229	$ 1,229	
6599090	Other Insurance	$ 34,033				$ -	$ 34,033
6759110	Operations Telephone	$ 259			$ 259	$ 259	
6759136	Operations Telephone - LD	$ 64			$ 64	$ 64	
7758370	Meals & Related Exp	$ 198				$ -	$ 198
7758380	Bank Serv Charges	$ 7				$ -	$ 7
7758390	Other Misc General	$ 441			$ 441	$ 441	
6205003	Operators Exp	$ 105			$ 105	$ 105	
6759405	Communication Exp	$ 863			$ 863	$ 863	
6759413	Operators - Postage	$ 468			$ 468	$ 468	
6759414	Oper. - Office Supply Stores	$ 393			$ 393	$ 393	
6759416	Operators - Memberships	$ 218			$ 218	$ 218	
6759017	Operators - Cleaning Supplies	$ 60			$ 60	$ 60	
6759018	Operators - Other Office Exp	$ 573			$ 573	$ 573	
6509110	Operators Transp Reimb	$ 11				$ -	$ 11
6501020	Gasoline	$ 3,266				$ -	$ 3,266
6501030	Auto Repairs & Tires	$ 316				$ -	$ 316
6501040	Auto Licenses	$ 12				$ -	$ 12
4032098	Depreciation - Computer	$ 679			$ 679	$ 679	
6369003	Temp Empl.	$ 1,291				$ -	$ 1,291
6759002	Answering Serv	$ 1,109			$ 1,109	$ 1,109	
6759003	Computer Supplies	$ 29			$ 29	$ 29	
6759004	Printing & Blueprints	$ 6				$ -	$ 6
6759005	Postage	$ 1,951			$ 1,951	$ 1,951	
6759006	UPS & Air Freight	$ 23			$ 23	$ 23	
6759008	Xerox	$ 163			$ 163	$ 163	
6759009	Off Supply Stores	$ 1,120			$ 1,120	$ 1,120	
6759010	Reim of Off Emp Exp.	$ 305			$ 305	$ 305	
6759090	Other Office Expense	$ 109			$ 109	$ 109	
6759110	Office Telephone	$ 794			$ 794	$ 794	
6759140	Alarm System Phone Expense	$ 88			$ 88	$ 88	
6759210	Office Cleaning Serv	$ 377			$ 377	$ 377	
7048055	Office Education/Train Exp	$ 58			$ 58	$ 58	
7758390	Other Misc General	$ 400			$ 400	$ 400	
6338001	Legal Fees	$ 66				$ -	$ 66
6599090	Other Ins	$ 5,040				$ -	$ 5,040
6759007	Printing Customer Service	$ 16				$ -	$ 16
4032010	Depreciation - Water Plant	$ 583				$ -	$ 583
4032092	Depreciation - 10300	$ (22)				$ -	$ (22)
4081100	Property & Other Gen Taxes	$ 10,786				$ -	$ 10,786
4081122	Pers Prop & ICT Tax	$ (815)				$ -	$ (815)
6759290	Other Office Maint	$ 186			$ 186	$ 186	
	Total	**$ 546,010**	**$ 363,682**	**$ 89,117**	**$ 22,508**	**$ 475,307**	**$ 70,703**

Service-Related Non-Salary Expenses as Percent of Salaries	
Benefits	$ 89,117
Other Expenses	$ 22,508
Total Non-Labor	$ 111,625
Salaries	$ 363,682
Percent of Non-Salary to Salaries	**30.7%**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. This survey covered hourly rates in effect during 2005 and are assumed to be the average as of the midpoint of 12 months ended June 30, 2006.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005 and are assumed to be the average as of the midpoint of 12 months ended June 30, 2006.

Professional Engineer

The association for professional civil engineers, the American Society of Civil Engineers, does not survey its members' billing rates. Neither does the National Society of Professional Engineers, the association for the entire engineering profession. Thus, professional engineer hourly rates were provided by WSC for two firms that are periodically used in Virginia when outside engineering services are required. As shown in Exhibit 7, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Massanutten Public Service Corporation
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in during 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Estimated Average Hourly Billing Rate For Consultants **$ 212**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms

Massanutten Public Service Corporation
Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect during 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 70	$ 87	$ 125	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 70	$ 87	$ 125	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 26	$ 25	$ 32	**$ 104**

Estimated Average Hourly Billing Rate For Virginia CPAs **$ 104**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey

Schedule 7

Massanutten Public Service Corporation
Billing Rates Of Virginia Professional Engineers

Note: Billing rates are the average for 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$86	$113	$131	$189
Firm #2	$62	$95	$114	$140

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$74	$104	$122	$164	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$22	$36	$31	$16	**$106**

Source: Information provided by Utilities, Inc. Firm names have not been disclosed to preserve the confidentiality of their hourly rates.

WSC – Outside Provider Cost Comparison

As shown in the table below, WSC costs per hour are considerably lower than those of outside providers during the sample 6 month period ended June 30, 2006.

Service Provider	WSC	Outside Provider	Difference-- WSC Greater(Less) Than Outside
Management Consultant	$ 169	$ 212	$ (43)
Certified Public Accountant	$ 37	$ 104	$ (67)
Professional Engineer	$ 34	$ 106	$ (72)

Based on these cost per hour differentials and the number of hours billed to Massanutten, outside service providers would have cost $201,800 more than WSC during the sample 6 month period months ended June 30, 2006 (see table below). On an annualized basis, that amounts to $403,600, which is nearly 74% more than WSC's actual charges to Massanutten during the 12 months ended June 30, 2006. ($403,633 / $546,010).

Service Provider	Hourly Rate Difference-- WSC Greater(Less) Than Outside	WSC Hours Charged	Dollar Difference
Management Consultant	$ (43)	130	$ (5,629)
Certified Public Accountant	$ (67)	894	$ (59,974)
Professional Engineer	$ (72)	1,898	$ (136,214)
WSC Less Than Outside Providers - 6 month sample period			$ (201,817)
WSC Less Than Outside Providers - annualized			$ (403,633)

EXHIBIT PLB-1

Market Cost Comparison of Affiliate Company Charges To Massanutten Public Service Corporation

12 Months Ended June 30, 2006

Massanutten Public Service Corporation
Market Cost Comparison of Affiliate Company Charges
12 Months Ended June 30, 2006

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I - Introduction

Purpose Of This Study

This study was undertaken to determine if Massanutten Public Service Corporation (Massanutten) was charged the lower of cost or market for services provided by its affiliate, Water Service Corporation (WSC) during the 12 months ended June 30, 2006.

Study Results

The following conclusions can be drawn from this study:

- Massanutten was charged the lower of cost or market for managerial and professional services during the 12 months ended June 30, 2006.
- On average, the hourly rates for outside service providers are almost **74% higher** than the WSC's hourly rates.
- If all the managerial and professional services now provided by WSC had been out-sourced during the 12 months ended June 30, 2006, Massanutten and its ratepayers would have incurred an **additional $403,000** in expenses.

II - Background

Overview of Massanutten and Its Principal Affiliate Entities

Massanutten is a wholly-owned subsidiary of Utilities, Inc., which is one of the largest privately-owned water and wastewater companies in the US. Utilities, Inc. holds around 90 subsidiaries that operate more than 800 systems in 17 states, mainly in the eastern US and it serves more than 300,000 customers. About half of Utilities, Inc.'s revenue comes from water services and the other half from wastewater services; residential customers account for approximately 90% of sales. Utilities, Inc. also provides reuse water for irrigation purposes and for golf courses and car washes.

Massanutten has no employees of its own. All personnel serving Massanutten are WSC employees. Employees located in Virginia are involved in operating and maintaining the water and waste water utility facilities and equipment. Other WSC employees serving Massanutten are located in two regional offices and in the corporate headquarters in Northbrook, Illinois. Regional offices provide operations, engineering and call center services. Headquarters personnel provide the following services to operating utilities:

- Executive Management
- Engineering
- Operations
- Accounting
- Legal
- Billing and Customer Relations
- Construction
- Regulatory
- Information Technology
- Human Resources

Exhibit 1 shows which WSC office performs water utility services for Massanutten.

Massanutten Public Service Corporation
Designation Of Responsibility For Water And Waste Water Utility Functions

Primarily Responsible P Provides Support S	Water Services Corporation Location Performing Work			
Water and Waste Water Function	Massanutten, Virginia	Charlotte, NC SE Regional Office	Maryland, MD Cust Service Office	Northbrook, IL Headquarters
Engineering and Construction Management				
Long Term System Planning	S	P		S
Engineering Standards & Policies Development	S	S		P
Project Design				
Major Projects (e.g., new treatment plant)	S	P		S
Minor Projects (e.g., pipelines)	P	S		
Construction Project Management				
Major Projects	P	S		S
Minor Projects	P	S		
Hydraulics Review	P	S		
Developers Extensions	S	P		S
Tank Painting	P	S		
Water Quality and Purification				
Water Quality Standards Development	P	S		S
Research Studies				P
Water Quality Program Implementation	P	S		S
Water Treatment Operations & Maintenance	P	S		
Compliance Sampling	P	S		
Testing/Other Sampling	P	S		
Transmission and Distribution				
Preventive Maintenance Program Development	P	S		S
System Maintenance	P	S		
Leak Detection	P	S		
Customer Service				
Community Relations	P			
Customer Contact	P (direct)		P (phone)	S
Call Processing			P	
Service Order Creation			P	
Service Order Processing			P	
Customer Credit			P	
Meter Reading	P			
Customer Bill Preparation				P
Bill Collection			P	
Customer Payment Processing			P	
Meter Standards Development		P		
Meter Testing, Maintenance & Replacement	P	S		
Financial Management				
Financial Planning				P
Financings—Equity				P
Financings--Long Term Debt & Preferred				P
Short Term Lines of Credit Arrangements				P
Insurance Program Administration				P
Loss Control/Safety Program Administration				P
Pension Fund Asset Management				P
Cash Management/Disbursements				P
Rates				
Rate Studies & Tariff Change Administration				P
Rate Case Planning and Preparation				P
Rate Case Administration				P
Commission Inquiry Response				P

Massanutten Public Service Corporation
Designation Of Responsibility For Water And Waste Water Utility Functions

Primarily Responsible P Provides Support S	Water Services Corporation Location Performing Work			
Water and Waste Water Function	Massanutten, Virginia	Charlotte, NC SE Regional Office	Maryland, MD Cust Service Office	Northbrook, IL Headquarters
Budgeting and Variance Reporting				
Corporate Guidelines & Instructions				P
Regional Guidelines & Instructions				P
Operating Budget Preparation				
Revenue				P
O&M		S		P
Service Company Charges				P
Depreciation and Interest Expense				P
Capital Budget Preparation				
Project Work		S		P
Non-Project Work				P
Operating Budget Variance Report Preparation		S		P
Capital Budget Variance Report Preparation		S		P
Year-End Projections		S		P
Accounting and Taxes				
Accounts Payable Accounting				P
Payroll Accounting				P
Work Order Accounting				P
Fixed Asset Accounting				P
Journal Entry Preparation--Billing Corrections				P
Journal Entry Preparation--All Others				P
Financial Statement Preparation				P
State Commission Reporting				P
Income Taxes--State				P
Income Taxes--Federal				P
Property Taxes				P
Gross Receipts Taxes				P
Legal (A)				P
Purchasing and Materials Management				
Specification Development	P	S		
Bid Solicitation	P	S		
Contract Administration	S	P		S
Ordering	P	S		
Inventory Management	P	S		
Human Resources Management				
Benefit Program Development				P
Benefits Program Administration				P
Management Compensation Administration				P
Wage & Salary Program Design				P
Wage & Salary Administration				P
Labor Negotiations--Wages				P
Labor Negotiations--Benefits				P
Labor Negotiations--Work Rules				P
Training Program Development	S			P
Training--Course Delivery	P	S		S
Affirmative Action/EEO--Plan Development				P
Affirmative Action/EEO--Implementation				P
Information Technology Services				
Service Company Data Centers				P
System Operations & Maintenance				P
Software Maintenance				P
Network Administration				P
PC Acquisition & Support				P
Help Desk				P

Note A: Legal services were provided entirely by outside attorneys during the June 30, 2006 test year. Since then, in-house legal counsel has been hired by WSC.

Test Year Affiliate Charges To Massanutten

During the 12 months ended June 30, 2006, WSC charged Massanutten $546,010 for services. These transactions are covered by a service agreement between WSC and Massanutten dated July 20, 2005. The agreement describes the allocation methods for those expenses/costs that cannot be charged directly to Massanutten. It specifies that services are to be rendered at cost and without profit to the Service Company.

III – Service Company Market Cost Comparison

Cost Comparison Methodology

WSC's charges to Massanutten were tested to determine if they were priced at the lower of cost or market. This was accomplished by comparing the cost per hour for WSC managerial and professional services to those of outside service providers to whom this work could be outsourced. Based on the nature of the WSC services, it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management and human resources services
- Certified Public Accountants – accounting, information technology and rates/regulatory services
- Professional Engineers – operations, engineering, construction management

WSC's hourly rates were calculated for each service provider category, based on the dollars and hours charged to Massanutten during the 12 months ended June 30, 2006. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

The last step in the market cost comparison was to compare WSC's average hourly costs to the average cost per hour for outside providers.

WSC Hourly Rates

WSC's hourly rates for management and professional services were calculated for charges during the 6 months ended June 30, 2006, a sample of the test year. As shown below, WSC salaries charged to Massanutten during that period totaled approximately $196,000 or 54% of total salaries charged.

		Quarter Ended				
Account	Item	9/30/05	12/31/05	3/31/06	6/30/06	Total
6019040	Salaries - Operations	$ 66,981	$ 67,177	$ 77,968	$ 72,768	$ 284,894
6019050	Salaries - Office	$ 14,969	$ 17,361	$ 20,147	$ 25,227	$ 77,704
	Total	$ 81,950	$ 84,538	$ 98,115	$ 97,995	$ 362,598
				$196,110		
				selected for review		

The sample period salaries were analyzed to determine which outside provider Massanutten would turn to provide the related services and, thus, market testable. In Schedule 2 (page 8), management and professional salaries were assigned to one of three outside service providers and separated from administrative and craft salaries. This was done because management and

professional services are testable while administrative staff expenses are considered an overhead that are "loaded" onto management and professional hourly rates and craft services are not market testable due to the lack of publicly available hourly rate survey data. Administrative staff salaries were determined to be 3.1% of management and professional expenses during the sample period, as calculated below.

Administrative Support Salaries (Sch 2)	$ 2,750
Management & Professional Salaries (Sch 2)	$ 89,599
Administrative Support as Percent of Management & Professional	**3.1%**

Schedule 2 lists salary-related charges by WSC position for the one or more employees occupying that position who charged Massanutten during the test year.

Schedule 3 (page 9) assigns the employee hours associated with the management and professional salaries from Schedule 2 to the three outside provider categories.

Schedule 4 (pages 10-11) shows an analysis by account of WSC charges to Massanutten during the 12-months ended June 30, 2006. The purpose of this schedule is to calculate the percent of non-labor to salaries so it can be used as an overhead in calculating the WSC hourly rate cost pools.

Based on the assignment of expenses and hours from Schedules 2 and 3, and applicable overheads, WSC's hourly rates are calculated below for the sample period of the 6 months ended June 30, 2006.

	Management Consultant	Certified Public Accountant	Professional Engineer	Total
Management/Professional Salaries (Sch 2)	$ 16,356	$ 24,637	$ 48,606	$ 89,599
Overhead Items:				
Administrative Staff Salaries (3.1%) (Sch 2)	$ 502	$ 756	$ 1,492	$ 2,750
Non-Salaries-Related Expenses (30.7%) (Sch 4)	$ 5,021	$ 7,563	$ 14,922	$ 27,507
Total Cost Pool	$ 21,879	$ 32,956	$ 65,020	$ 119,855
Management and Professional Hours (Sch 3)	130	894	1,898	2,922
Average Hourly Rate	**$ 169**	**$ 37**	**$ 34**	

Massanutten Public Service Corporation
Assignment of WSC Salary-Related Charges To Outside Provider Categories

			WSC Salary-Related Charges to Massanutten						
Account	Group	WSC Position Charging Massanutten	Management Consultant	Certified Public Accountant	Professional Engineer	Total	Overhead - Admin Support	Not Testable	Total
6019040	Operations	Executive Assistant				$ -	$ 802		$ 802
6019040	Operations	Lead Operator				$ -		$ 45,480	$ 45,480
6019040	Operations	Operating Manager			$ 22,119	$ 22,119			$ 22,119
6019040	Operations	Operator				$ -		$ 58,282	$ 58,282
6019040	Operations	Project Manager			$ 5,951	$ 5,951			$ 5,951
6019040	Operations	Regional Director			$ 8,363	$ 8,363			$ 8,363
6019040	Operations	Regional Manager			$ 9,739	$ 9,739			$ 9,739
6019050	Accounting	Account Manager		$ 1,142		$ 1,142			$ 1,142
6019050	Accounting	Accountant		$ 458		$ 458			$ 458
6019050	Accounting	Data Entry Clerk		$ 445		$ 445			$ 445
6019050	Accounting	Dir. of Corporate Accounting		$ 944		$ 944			$ 944
6019050	Accounting	Manager, Budgeting		$ 543		$ 543			$ 543
6019050	Accounting	Senior Accountant		$ 491		$ 491			$ 491
6019050	Accounting	Utility Account Manager		$ 277		$ 277			$ 277
6019050	Admin	Director of Administration	$ 930			$ 930			$ 930
6019050	Admin	Executive Administrative Asst.				$ -	$ 415		$ 415
6019050	Admin	Facilities Manager				$ -	$ 341		$ 341
6019050	Admin	Mail Clerk				$ -	$ 261		$ 261
6019050	Admin	Office Assistant				$ -	$ 23		$ 23
6019050	Admin	Office Clerk				$ -	$ 213		$ 213
6019050	Admin	Receptionist				$ -	$ 499		$ 499
6019050	Billing	Billing Clerk		$ 259		$ 259			$ 259
6019050	Billing	Billing Manager		$ 422		$ 422			$ 422
6019050	Billing	Corporate CS Rep		$ 263		$ 263			$ 263
6019050	Cust Service	Customer Service Supervisor		$ 432		$ 432			$ 432
6019050	Executive	Executive Officers	$ 14,113			$ 14,113			$ 14,113
6019050	Human Res	Benefits Administrator		$ 401		$ 401			$ 401
6019050	Human Res	Director	$ 934			$ 934			$ 934
6019050	Human Res	HR Generalist		$ 335		$ 335			$ 335
6019050	Human Res	HR Manager	$ 378			$ 378			$ 378
6019050	Human Res	Payroll Administrator		$ 490		$ 490			$ 490
6019050	Info Tech	Assistant IT Manager		$ 397		$ 397			$ 397
6019050	Info Tech	Data Entry Clerk		$ 45		$ 45			$ 45
6019050	Info Tech	Data Processing Coordinator		$ 313		$ 313			$ 313
6019050	Info Tech	IT Help Desk Technician		$ 234		$ 234			$ 234
6019050	Info Tech	IT Assistant		$ 93		$ 93			$ 93
6019050	Info Tech	IT Manager		$ 527		$ 527			$ 527
6019050	Info Tech	Network Administrator		$ 310		$ 310			$ 310
6019050	Info Tech	Technician Supervisor		$ 46		$ 46			$ 46
6019050	Operations	Administrative Assistant				$ -	$ 65		$ 65
6019050	Operations	Area Manager			$ 413	$ 413			$ 413
6019050	Operations	Customer Service Rep		$ 5,942		$ 5,942			$ 5,942
6019050	Operations	Customer Service Supervisor		$ 5,897		$ 5,897			$ 5,897
6019050	Operations	Dir. of Operations Support			$ 642	$ 642			$ 642
6019050	Operations	Regional Vice President		$ 1,574	$ 1,324	$ 2,898			$ 2,898
6019050	Operations	Safety Manager			$ 54	$ 54			$ 54
6019050	Regulatory	Administrative Support				$ -	$ 131		$ 131
6019050	Regulatory	Manager of Regulatory Acctg		$ 528		$ 528			$ 528
6019050	Regulatory	Regulatory Accountant		$ 854		$ 854			$ 854
6019050	Regulatory	Sr. Regulatory Accountant		$ 975		$ 975			$ 975
		Total Charges - Jan 1 - Jun 30, 2006	**$ 16,356**	**$ 24,637**	**$ 48,606**	**$ 89,599**	**$ 2,750**	**$ 103,762**	**$ 196,110**

Massanutten Public Service Corporation
Assignment of WSC Hours To Outside Provider Categories

			WSC Hours to Massanutten			
Account	Group	WSC Position Charging Massanutten	Management Consultant	Certified Public Accountant	Professional Engineer	Total
6019040	Operations	Operating Manager			1,120.5	1,120.5
6019040	Operations	Project Manager			299.1	299.1
6019040	Operations	Regional Director			184.4	184.4
6019040	Operations	Regional Manager			245.3	245.3
6019050	Accounting	Account Manager		52.8		52.8
6019050	Accounting	Accountant		14.7		14.7
6019050	Accounting	Data Entry Clerk		25.2		25.2
6019050	Accounting	Dir. of Corporate Accounting		15.7		15.7
6019050	Accounting	Manager, Budgeting		14.4		14.4
6019050	Accounting	Senior Accountant		15.2		15.2
6019050	Accounting	Utility Account Manager		15.0		15.0
6019050	Admin	Director of Administration	15.5			15.5
6019050	Billing	Billing Clerk		12.0		12.0
6019050	Billing	Billing Manager		14.8		14.8
6019050	Billing	Corporate CS Rep		16.3		16.3
6019050	Cust Service	Customer Service Supervisor		14.6		14.6
6019050	Executive	Executive Officers	85.1			85.1
6019050	Human Res	Benefits Administrator		16.3		16.3
6019050	Human Res	Director	15.5			15.5
6019050	Human Res	HR Generalist		15.8		15.8
6019050	Human Res	HR Manager	13.7			13.7
6019050	Human Res	Payroll Administrator		19.5		19.5
6019050	Info Tech	Assistant IT Manager		11.0		11.0
6019050	Info Tech	Data Entry Clerk		1.9		1.9
6019050	Info Tech	Data Processing Coordinator		13.5		13.5
6019050	Info Tech	IT Help Desk Technician		10.8		10.8
6019050	Info Tech	IT Assistant		6.4		6.4
6019050	Info Tech	IT Manager		11.2		11.2
6019050	Info Tech	Network Administrator		9.9		9.9
6019050	Info Tech	Technician Supervisor		2.4		2.4
6019050	Operations	Area Manager			15.2	15.2
6019050	Operations	Customer Service Rep		209.8		209.8
6019050	Operations	Customer Service Supervisor		252.9		252.9
6019050	Operations	Dir. of Operations Support			13.3	13.3
6019050	Operations	Regional Vice President		21.1	17.8	38.9
6019050	Operations	Safety Manager			2.8	2.8
6019050	Regulatory	Manager of Regulatory Acctg		14.7		14.7
6019050	Regulatory	Regulatory Accountant		36.3		36.3
6019050	Regulatory	Sr. Regulatory Accountant		29.4		29.4
		Total Hours - Jan 1 - Jun 30, 2006	**130**	**894**	**1,898**	**2,922**

Massanutten Public Service Corporation
Analysis of WSC Service-Related Charges

Account		Total Test Year	Service Related Expenses				Non-Service Related
Number	Description	Charges	Labor	Benefits	Other Exp	Total	Expenses
6019040	Salaries - Operations	$ 284,894	$ 284,894			$ 284,894	
6019050	Salaries - Office	$ 77,704	$ 77,704			$ 77,704	
6708001	Agency Expense	$ 238			$ 238	$ 238	
6338001	Legal Fees	$ 198				$ -	$ 198
6329002	Audit Fees	$ 2,870				$ -	$ 2,870
6369003	Temp Empl.	$ 540				$ -	$ 540
6369005	Payroll Services	$ 757				$ -	$ 757
6369006	Employ Finder Fees	$ 257			$ 257	$ 257	
6369009	Computer-Amort & Prog. Cost	$ 108			$ 108	$ 108	
6329014	Tax Return Review	$ 851				$ -	$ 851
6369012	Internet Supplier	$ 24			$ 24	$ 24	
6369090	Other Outside Services	$ 115				$ -	$ 115
6049000	Employee Pensions & Benefits	$ 2,941		$ 2,941		$ 2,941	
6049010	Health Ins. Reimb	$ 35,566		$ 35,566		$ 35,566	
6049011	Employee Ins. Deductions	$ (788)		$ (788)		$ (788)	
6049012	Health Costs & Other	$ 86		$ 86		$ 86	
6049015	Dental Ins. Reimbursements	$ 275		$ 275		$ 275	
6049020	Pension Contributions	$ 8,592		$ 8,592		$ 8,592	
6049050	Health Ins. Premiums	$ 524		$ 524		$ 524	
6049055	Dental Premiums	$ 39		$ 39		$ 39	
6049060	Term Life Ins.	$ 117		$ 117		$ 117	
6049065	Term Life Ins. - OPT	$ 3		$ 3		$ 3	
6049067	AFLAC	$ 6		$ 6		$ 6	
6049070	ESOP Contributions	$ 11,049		$ 11,049		$ 11,049	
6049080	Disability Insurance	$ 62		$ 62		$ 62	
6049090	Other Emp Pens & Benefits	$ 3,131		$ 3,131		$ 3,131	
6759001	Publ Subscriptions & Tapes	$ 103			$ 103	$ 103	
6759003	Computer Supplies	$ 61			$ 61	$ 61	
6759004	Printing & Blueprints	$ 265			$ 265	$ 265	
6759005	Postage	$ 488			$ 488	$ 488	
6759006	UPS & Air Freight	$ 218			$ 218	$ 218	
6759008	Xerox	$ 87			$ 87	$ 87	
6759009	Off Supply Stores	$ 419			$ 419	$ 419	
6759010	Reim of Off Emp Exp.	$ 29			$ 29	$ 29	
6759011	Envelopes	$ 1,585				$ -	$ 1,585
6759013	Cleaning Supplies	$ 42			$ 42	$ 42	
6759014	Memberships	$ 50			$ 50	$ 50	
6759016	Microfilming	$ 36				$ -	$ 36
6759007	Printing Customer Service	$ 71				$ -	$ 71
6759012	Bill Stock	$ 421				$ -	$ 421
6759051	Computer Supplies - Billing	$ 123				$ -	$ 123
6759090	Other Office Expense	$ 122			$ 122	$ 122	
6759110	Office Telephone	$ 31			$ 31	$ 31	
6759115	Office Comp Phone Line	$ (22)			$ (22)	$ (22)	
6759120	Office Electric	$ 345			$ 345	$ 345	
6759125	Office Water	$ 73			$ 73	$ 73	
6759130	Office Gas	$ 129			$ 129	$ 129	
6751935	Operators Telephones	$ 85				$ -	$ 85
6759210	Office Cleaning Serv	$ 383			$ 383	$ 383	
6759220	Landscaping, Mowing,Snow	$ 398			$ 398	$ 398	
6759230	Office Garbage Removal	$ 29			$ 29	$ 29	
6759260	Repair Off Mach & Heating	$ 15			$ 15	$ 15	
6759290	Other Office Maint	$ 725			$ 725	$ 725	
6759330	Memberships - Company	$ 8			$ 8	$ 8	
6759416	Employees ED Expenses	$ (4)			$ (4)	$ (4)	
7048055	Office Education/Train Exp	$ 520			$ 520	$ 520	
7758370	Meals & Related Exp	$ 335				$ -	$ 335
7758380	Bank Serv Charges	$ 3,282				$ -	$ 3,282
7758390	Other Misc General	$ 710			$ 710	$ 710	
6759018	Operators - Other Office Exp	$ (3)			$ (3)	$ (3)	
4032090	Depreciation - Office Struct.	$ 926			$ 926	$ 926	
4032091	Depreciation - Office Furn.	$ 1,052			$ 1,052	$ 1,052	
4032093	Depreciation - Telephones	$ 37			$ 37	$ 37	
4081303	Franchise Tax	$ 2			$ 2	$ 2	
4081121	Real Estate Tax	$ 1,092			$ 1,092	$ 1,092	

Analysis of Service-Related WSC Charges

Account Number	Account Description	Total Test Year Charges	Service Related Expenses: Labor	Benefits	Other Exp	Total	Non-Service Related Expenses
4081201	FICA Expense	$ 26,479		$ 26,479		$ 26,479	
4091060	SUTA	$ 571		$ 571		$ 571	
4091050	FUTA	$ 464		$ 464		$ 464	
4101000	Deferred Inc. Taxes - Federal	$ 131				$ -	$ 131
4131020	Rental Income	$ (17)				$ -	$ (17)
4141040	Sale of Trans Equipment	$ (243)				$ -	$ (243)
4192000	Interest - Interco.	$ 4,619				$ -	$ 4,619
4201000	Interest During Const	$ 2				$ -	$ 2
4272090	S/T Int Exp Other	$ (422)				$ -	$ (422)
6019045	Computer Salaries	$ 1,084	$ 1,084			$ 1,084	
6369007	Computer Maint	$ 762			$ 762	$ 762	
6369009	Computer-Amort & Prog. Cost	$ 281			$ 281	$ 281	
6369012	Internet Supplier	$ 140			$ 140	$ 140	
6759003	Computer Supplies	$ 304			$ 304	$ 304	
6759016	Microfilming	$ 148				$ -	$ 148
6759051	Computer Supplies - Billing	$ 422				$ -	$ 422
4032098	Depreciation - Computer	$ 1,229			$ 1,229	$ 1,229	
6599090	Other Insurance	$ 34,033				$ -	$ 34,033
6759110	Operations Telephone	$ 259			$ 259	$ 259	
6759136	Operations Telephone - LD	$ 64			$ 64	$ 64	
7758370	Meals & Related Exp	$ 198				$ -	$ 198
7758380	Bank Serv Charges	$ 7				$ -	$ 7
7758390	Other Misc General	$ 441			$ 441	$ 441	
6205003	Operators Exp	$ 105			$ 105	$ 105	
6759405	Communication Exp	$ 863			$ 863	$ 863	
6759413	Operators - Postage	$ 468			$ 468	$ 468	
6759414	Oper. - Office Supply Stores	$ 393			$ 393	$ 393	
6759416	Operators - Memberships	$ 218			$ 218	$ 218	
6759017	Operators - Cleaning Supplies	$ 60			$ 60	$ 60	
6759018	Operators - Other Office Exp	$ 573			$ 573	$ 573	
6509110	Operators Transp Reimb	$ 11				$ -	$ 11
6501020	Gasoline	$ 3,266				$ -	$ 3,266
6501030	Auto Repairs & Tires	$ 316				$ -	$ 316
6501040	Auto Licenses	$ 12				$ -	$ 12
4032098	Depreciation - Computer	$ 679			$ 679	$ 679	
6369003	Temp Empl.	$ 1,291				$ -	$ 1,291
6759002	Answering Serv	$ 1,109			$ 1,109	$ 1,109	
6759003	Computer Supplies	$ 29			$ 29	$ 29	
6759004	Printing & Blueprints	$ 6				$ -	$ 6
6759005	Postage	$ 1,951			$ 1,951	$ 1,951	
6759006	UPS & Air Freight	$ 23			$ 23	$ 23	
6759008	Xerox	$ 163			$ 163	$ 163	
6759009	Off Supply Stores	$ 1,120			$ 1,120	$ 1,120	
6759010	Reim of Off Emp Exp.	$ 305			$ 305	$ 305	
6759090	Other Office Expense	$ 109			$ 109	$ 109	
6759110	Office Telephone	$ 794			$ 794	$ 794	
6759140	Alarm System Phone Expense	$ 88			$ 88	$ 88	
6759210	Office Cleaning Serv	$ 377			$ 377	$ 377	
7048055	Office Education/Train Exp	$ 58			$ 58	$ 58	
7758390	Other Misc General	$ 400			$ 400	$ 400	
6338001	Legal Fees	$ 66				$ -	$ 66
6599090	Other Ins	$ 5,040				$ -	$ 5,040
6759007	Printing Customer Service	$ 16				$ -	$ 16
4032010	Depreciation - Water Plant	$ 583				$ -	$ 583
4032092	Depreciation - 10300	$ (22)				$ -	$ (22)
4081100	Property & Other Gen Taxes	$ 10,786				$ -	$ 10,786
4081122	Pers Prop & ICT Tax	$ (815)				$ -	$ (815)
6759290	Other Office Maint	$ 186			$ 186	$ 186	
	Total	**$ 546,010**	**$ 363,682**	**$ 89,117**	**$ 22,508**	**$ 475,307**	**$ 70,703**

Service-Related Non-Salary Expenses as Percent of Salaries	
Benefits	$ 89,117
Other Expenses	$ 22,508
Total Non-Labor	$ 111,625
Salaries	$ 363,682
Percent of Non-Salary to Salaries	**30.7%**

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Management Consultants

The cost per hour for management consultants was developed from the 2006 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Schedule 5, was to determine an average rate by consultant position level. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position level. This survey includes rates that were in effect during 2005 for firms in the United States. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. This survey covered hourly rates in effect during 2005 and are assumed to be the average as of the midpoint of 12 months ended June 30, 2006.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2006 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a set of typical accountant positions, as shown in Schedule 6. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2005 and are assumed to be the average as of the midpoint of 12 months ended June 30, 2006.

Professional Engineer

The association for professional civil engineers, the American Society of Civil Engineers, does not survey its members' billing rates. Neither does the National Society of Professional Engineers, the association for the entire engineering profession. Thus, professional engineer hourly rates were provided by WSC for two firms that are periodically used in Virginia when outside engineering services are required. As shown in Exhibit 7, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Massanutten Public Service Corporation
Billing Rates of U.S. Management Consultants

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in during 2005 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 141	$ 186	$ 234	$ 320	$ 350

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 141	$186	$234	$320	$350	
Typical Percent of Time Spent on a Consulting Project	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 56	$ 47	$ 32	$ 35	**$ 212**

Estimated Average Hourly Billing Rate For Consultants **$ 212**

Note A: source: "Operating Ratios For Management Consulting Firms, 2006 Edition" Association of Management Consulting Firms

Massanutten Public Service Corporation
Billing Rates Of Virginia Certified Public Accountants

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect during 2005 (Note A)

	Average Hourly Billing Rate (Note A)			
Type of Firm	Staff Accountant	Senior Accountant	Manager	Partner
Average Hourly Rate	$ 70	$ 87	$ 125	$ 160

B. Calculation of Overall Average Accountant Billing Rate Based Upon Typical Distribution of Time on an Engagement

	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate (From Above)	$ 70	$ 87	$ 125	$ 160	
Typical Percent of Time Spent on an Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 21	$ 26	$ 25	$ 32	**$ 104**

Estimated Average Hourly Billing Rate For Virginia CPAs **$ 104**

Note A: Source is AICPA's 2006 National PCPS/TSCPA Management of an Accounting Practice Survey

Schedule 7

Massanutten Public Service Corporation
Billing Rates Of Virginia Professional Engineers

Note: Billing rates are the average for 2006

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$86	$113	$131	$189
Firm #2	$62	$95	$114	$140

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$74	$104	$122	$164	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$22	$36	$31	$16	**$106**

Source: Information provided by Utilities, Inc. Firm names have not been disclosed to preserve the confidentiality of their hourly rates.

WSC – Outside Provider Cost Comparison

As shown in the table below, WSC costs per hour are considerably lower than those of outside providers during the sample 6 month period ended June 30, 2006.

Service Provider	WSC	Outside Provider	Difference-- WSC Greater(Less) Than Outside
Management Consultant	$ 169	$ 212	$ (43)
Certified Public Accountant	$ 37	$ 104	$ (67)
Professional Engineer	$ 34	$ 106	$ (72)

Based on these cost per hour differentials and the number of hours billed to Massanutten, outside service providers would have cost $201,800 more than WSC during the sample 6 month period months ended June 30, 2006 (see table below). On an annualized basis, that amounts to $403,600, which is nearly 74% more than WSC's actual charges to Massanutten during the 12 months ended June 30, 2006. ($403,633 / $546,010).

Service Provider	Hourly Rate Difference-- WSC Greater(Less) Than Outside	WSC Hours Charged	Dollar Difference
Management Consultant	$ (43)	130	$ (5,629)
Certified Public Accountant	$ (67)	894	$ (59,974)
Professional Engineer	$ (72)	1,898	$ (136,214)
WSC Less Than Outside Providers - 6 month sample period			$ (201,817)
WSC Less Than Outside Providers - annualized			$ (403,633)

SUPPLEMENTAL TESTIMONY
OF
PATRICK L. BARYENBRUCH
ON BEHALF OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

CASE NO. PUE-2006-00126

Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 302 East Park Drive, Raleigh, North Carolina 27605.

Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a certified public accountant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates.

During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate

charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Waterworks Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company, Pacific Gas & Electric Company and Southern California Edison.

This year, my firm performed the commission-ordered audit of Southern California Edison's 2002 transactions with its non-regulated affiliate companies. That audit was successfully completed in May 2003 and I have again been selected to perform the 2003 transactions audit.

Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, which was established in 1985. In that capacity, I provide consulting services to utilities and their regulators.

Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by Water Service Corporation (WSC) to Massanutten Public Service Corporation (Massanutten). This study was undertaken in conjunction with Massanutten's rate case for the test year ending June 30, 2006 and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

Q. What were the objectives of your study?

A. This study was undertaken to determine if the services provided by WSC to Massanutten during the test year were priced at the lower of cost or market.

Q. What conclusions were you able to draw from your study?

A. I was able to draw the following conclusions:

(1) Massanutten was charged the lower of cost or market for managerial and professional services provided by WSC during the 12 months ended June 30, 2006.

(2) On average, the hourly rates for outside service providers are approximately **74% higher** than the WSC's hourly rates.

(3) If all the managerial and professional services now provided by WSC had been out-sourced during the 12 months ended June 30, 2006, Massanutten and its ratepayers would have incurred an **additional $403,000** in expenses.

Q. Does this complete your testimony?

A. Yes.

Exhibit No.___
Schedule PLB-1

Market Cost Comparison of Affiliate Company Charges to Massanutten Public Service Corporation

12 Months Ended December 31, 2008

Massanutten Public Service Corporation
Market Cost Comparison of Affiliate Company Charges
12 Months Ended December 31, 2008

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I - Introduction

Purpose of This Study

This study was undertaken to determine if Massanutten Public Service Corporation (Massanutten PSC) was charged the lower of cost or market for services provided by its affiliate, Water Service Corporation (WSC) during 2008. The results of this study will be used in Massanutten PSC's 2009 rate case before the Virginia State Corporation Commission.

Study Results

The following conclusions can be drawn from this study:

- WSC provided Massanutten PSC with managerial and professional services during 2008 at the lower of cost or market.
- On average, 2008 hourly rates for outside service providers were 140% higher than the WSC's hourly rates.
- If all the managerial and professional services provided by WSC had been out-sourced during 2008, Massanutten PSC and its ratepayers would have incurred an additional $406,700 in expenses.

II - Background

Overview of Massanutten PSC and Its Principal Affiliate Entities

Massanutten PSC is a wholly-owned subsidiary of Utilities, Inc., which is one of the largest privately-owned water and wastewater companies in the US. Utilities, Inc. holds around 85 subsidiaries that operate around 800 systems in 15 states, mainly in the eastern US and it serves approximately 290,000 customers. About half of Utilities, Inc.'s revenue comes from water services and the other half from wastewater services; residential customers account for approximately 90% of sales. Utilities, Inc. also provides reuse water for irrigation purposes and for golf courses and car washes.

Massanutten PSC has no employees of its own. All personnel serving Massanutten PSC are WSC employees. Employees located in Virginia are involved in operating and maintaining the water and waste water utility facilities and equipment. Other WSC employees serving Massanutten PSC are located in two regional offices and in the corporate headquarters in Northbrook, Illinois. Regional offices provide operations, engineering and customer services. Headquarters personnel provide the following services to the operating utilities:

- Executive Management
- Engineering
- Operations
- Accounting
- Legal
- Billing and Customer Relations
- Construction
- Regulatory
- Information Technology
- Human Resources

Exhibit 1 shows which WSC office performs water utility services for Massanutten PSC.

Massanutten Public Service Corporation
Designation Of Responsibility For Water And Waste Water Utility Functions

Primarily Responsible P Provides Support S	Water Services Corporation Location Performing Work			
Water and Waste Water Function	Massanutten, Virginia	Charlotte, NC SE Regional Office	Middlesboro, KY Cust Service Office	Northbrook, IL Headquarters
Engineering and Construction Management				
Long Term System Planning	S	P	S	S
Engineering Standards & Policies Development	S	S		P
Project Design				
Major Projects (e.g., new treatment plant)	S	P	S	S
Minor Projects (e.g., pipelines)	P	S	S	
Construction Project Management				
Major Projects	P	S	S	S
Minor Projects	P	S	S	
Hydraulics Review	P	S	S	
Developers Extensions	S	P	S	S
Tank Painting	P	S	S	
Water Quality and Purification				
Water Quality Standards Development	P	S	S	S
Research Studies				P
Water Quality Program Implementation	P	S	S	S
Water Treatment Operations & Maintenance	P	S	S	
Compliance Sampling	P	S	S	
Testing/Other Sampling	P	S	S	
Transmission and Distribution				
Preventive Maintenance Program Development	P	S	S	S
System Maintenance	P	S	S	
Leak Detection	P	S	S	
Customer Service				
Community Relations	P	S	S	
Customer Contact	P (direct)		P (phone)	S
Call Processing	S		P	
Service Order Creation	S		P	
Service Order Processing	S		P	
Customer Credit			P	
Meter Reading	P			
Customer Bill Preparation			P	P
Bill Collection	S		P	
Customer Payment Processing		P	S	
Meter Standards Development	S	P	S	
Meter Testing, Maintenance & Replacement	P	S	S	
Financial Management				
Financial Planning				P
Financings—Equity				P
Financings--Long Term Debt & Preferred				P
Short Term Lines of Credit Arrangements				P
Insurance Program Administration				P
Loss Control/Safety Program Administration				P
Pension Fund Asset Management				P
Cash Management/Disbursements				P
Rates				
Rate Studies & Tariff Change Administration		S	S	P
Rate Case Planning and Preparation	S	S	S	P
Rate Case Administration	S	S	S	P
Commission Inquiry Response	S	S	S	P

Massanutten Public Service Corporation
Designation Of Responsibility For Water And Waste Water Utility Functions

Primarily Responsible P Provides Support S	Water Services Corporation Location Performing Work			
Water and Waste Water Function	Massanutten, Virginia	Charlotte, NC SE Regional Office	Middlesboro, KY Cust Service Office	Northbrook, IL Headquarters
Budgeting and Variance Reporting				
Corporate Guidelines & Instructions				P
Regional Guidelines & Instructions		P		S
Operating Budget Preparation				
Revenue		S		P
O&M		S		P
Service Company Charges				P
Depreciation and Interest Expense				P
Capital Budget Preparation				
Project Work	S	P	S	S
Non-Project Work	P	S	S	
Operating Budget Variance Report Preparation		S		P
Capital Budget Variance Report Preparation		S		P
Year-End Projections		S		P
Accounting and Taxes				
Accounts Payable Accounting				P
Payroll Accounting				P
Work Order Accounting				P
Fixed Asset Accounting				P
Journal Entry Preparation--Billing Corrections				P
Journal Entry Preparation--All Others				P
Financial Statement Preparation				P
State Commission Reporting				P
Income Taxes--State				P
Income Taxes--Federal				P
Property Taxes	S	S	S	P
Gross Receipts Taxes				P
Legal				P
Purchasing and Materials Management				
Specification Development	S	P	S	
Bid Solicitation	P	S	S	
Contract Administration	P	S	S	
Ordering	P	S	S	
Inventory Management	P	S	S	
Human Resources Management				
Benefit Program Development				P
Benefits Program Administration				P
Management Compensation Administration				P
Wage & Salary Program Design				P
Wage & Salary Administration	S	S	S	P
Labor Negotiations--Wages				P
Labor Negotiations--Benefits				P
Labor Negotiations--Work Rules		S		P
Training Program Development	S	S	S	P
Training--Course Delivery	P	S		S
Affirmative Action/EEO--Plan Development				P
Affirmative Action/EEO--Implementation	S	S	S	P
Information Technology Services				
Service Company Data Centers				P
System Operations & Maintenance				P
Software Maintenance				P
Network Administration				P
PC Acquisition & Support				P
Help Desk				P

2008 Affiliate Charges to Massanutten PSC

During 2008, WSC per books O&M expenses charged to Massanutten PSC were approximately $1,383,000. These transactions are covered by a service agreement between WSC and Massanutten PSC dated December 19, 2007. The agreement describes the allocation methods for those expenses/costs that cannot be charged directly to Massanutten PSC. It specifies that services are to be rendered at cost and without profit to WSC.

The scope of this study is services provided by WSC management and professional personnel. WSC hourly workers are excluded because market information is not available for local contractors.

III – Service Company Market Cost Comparison

Cost Comparison Methodology

WSC's charges assigned to Massanutten PSC were tested to determine if they were priced at the lower of cost or market. This was accomplished by comparing the cost per hour for WSC managerial and professional services to those of outside service providers to whom this work could be outsourced. Based on the nature of the WSC services, it was determined that the following outside providers could perform the categories of services indicated below:

- Management Consultants – executive and administrative management and human resources services
- Certified Public Accountants – accounting, information technology and rates/regulatory services
- Professional Engineers – operations, engineering, construction management
- Attorneys – legal

WSC's hourly rates were calculated for each service provider category, based on the dollars and hours charged to Massanutten PSC during 2008. Hourly billing rates for outside service providers were developed using third party surveys or directly from information furnished by outside providers themselves.

WSC Hourly Rates

WSC's expenses assigned to Massanutten PSC were first analyzed to determine which are associated with the provision of management and professional services. This process is directed at creating a cost pool that contains the same type of expenses outside providers recover in the hourly billing rates. Exhibit 2 shows the results of this analysis. As summarized below, $290,258 of WSC expenses are associated with the provision of management and professional services to Massanutten PSC and subject to a lower of cost or market comparison.

2008 Market Testable WSC Expenses
Charged to Massanutten

	Amount	
Salaries	$	202,676
Benefits	$	56,099
Other Expenses	$	31,482
Testable Total	$	290,258

Analysis of 2008 WSC O&M Expenses Charged to Massanutten PSC by General Ledger Account

Allocated WSC Expenses			Included in Market Cost Study			Excluded From Market Cost Study				
Account		2008 G/L	Expenses Related to Personnel Whose Costs Are Allocated to Massanutten			Salaries & Benefits of Hourly Personnel	Capital Costs	Outside Services	Travel Expenses	Operating and Non-Service Expenses
Number	Description	Balance	Labor	Benefits	Other Exp					
5495	Meter Reading	$ (19)			$ (19)					
5505	Agency Expense	$ 153			$ 153					
5510	Uncollectible Accounts	$ 211								$ 211
5525	Bill Stock	$ 217								$ 217
5530	Billing Computer Supplies	$ 485								$ 485
5535	Billing Envelopes	$ 2,566								$ 2,566
5540	Billing Postage	$ 16,424								$ 16,424
5545	Customer Service Printing	$ 991								$ 991
5625	401k/ESOP Contributions	$ 13,795		$ 8,180		$ 12,609				
5630	Dental Premiums	$ 590								
5635	Dental Ins. Reimbursements	$ 4,726								
5645	Employee Ins. Deductions	$ (17,986)								
5650	Health Costs & Other	$ 834		$ 21,934		$ 54,676				
5655	Health Ins Reimbursements	$ 67,644								
5670	Term Life Ins	$ 2,646								
5675	Term Life Ins - OPT	$ (57)								
5680	Depend Life Ins-Opt	$ (75)								
5660	Other Emp Pension/Benefits	$ 8,930		$ 1,089		$ 2,714				
5665	Pension Contributions	$ 10,988		$ 6,135		$ 9,457				
5690	Tuition	$ 2,403		$ 2,403						
5715	Insurance-Other	$ 40,983								$ 40,983
5735	Computer Maintenance	$ 21,265								$ 21,265
5740	Computer Supplies	$ 2,675			$ 2,675					
5745	Computer-Amort & Prog. Cost	$ 702			$ 702					
5750	Internet Supplier	$ 293			$ 293					
5755	Microfilming	$ 55			$ 55					
5760	Website Development	$ 40			$ 40					
5785	Advertising/Marketing	$ 30			$ 30					
5790	Bank Service Charges	$ 1,031					$ 1,031			
5800	Letter of Credit Fee	$ 154					$ 154			
5805	License Fees	$ 1			$ 1					
5810	Memberships	$ 302			$ 302					
5815	Penalties/Fines	$ 2			$ 2					
5820	Training Expense	$ 1,424			$ 1,424					
5825	Other Misc Expense	$ 235			$ 235					
5855	Answering Service	$ 20			$ 20					
5860	Cleaning Supplies	$ 65			$ 65					

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Analysis of 2008 WSC O&M Expenses Charged to Massanutten PSC by General Ledger Account

Allocated WSC Expenses			Included in Market Cost Study			Excluded From Market Cost Study				
Account		2008 G/L	Expenses Related to Personnel Whose Costs Are Allocated to Massanutten			Benefits/PR Taxes Related to Dir Charge Employees	Capital Costs	Outside Services	Travel Expenses	Operating and Non-Service Expenses
Number	Description	Balance	Labor	Benefits	Other Exp					
5865	Copy Machine	$ 79			$ 79					
5870	Holiday Events/Picnics	$ 264			$ 264					
5875	Kitchen Supplies	$ 26			$ 26					
5880	Office Supply Stores	$ (184)			$ (184)					
5885	Printing/Blueprints	$ 66			$ 66					
5890	Publ Subscriptions/Tapes	$ 176			$ 176					
5895	Shipping Charges	$ (47)			$ (47)					
5900	Other Office Expense	$ 2,414			$ 2,414					
5930	Office Electric	$ 624			$ 624					
5935	Office Gas	$ 155			$ 155					
5940	Office Water	$ 30			$ 30					
5945	Office Telecom	$ 8,244			$ 8,244					
5950	Office Garbage Removal	$ 114			$ 114					
5955	Office Landscape / Mow / P	$ 480			$ 480					
5960	Office Alarm Sys Phone Exp	$ 131			$ 131					
5965	Office Maintenance	$ 747			$ 747					
5970	Office Cleaning Service	$ 534			$ 534					
5975	Office Machine/Heat&Cool	$ 406			$ 406					
5980	Other Office Utilities	$ 50			$ 50					
6005	Accounting Studies	$ 66						$ 66		
6010	Audit Fees	$ 3,027						$ 3,027		
6015	Employ Finder Fees	$ 2,547			$ 2,547					
6025	Legal Fees	$ 4,479						$ 4,479		
6035	Payroll Services	$ 1,313			$ 1,313					
6040	Tax Return Review	$ 2,215						$ 2,215		
6045	Tax Return Review	$ 2,215						$ 2,215		
6050	Temp Employ - Clerical	$ 3,882			$ 3,882					
6090	Other Outside Services	$ 2,244						$ 2,244		
6105	Rent	$ 160			$ 160					
6110	Salaries-System Project	$ 2,504	$ 2,504							
6115	Salaries-Acctg/Finance	$ 24,494	$ 24,494							
6120	Salaries-Admin	$ 2,887	$ 2,887							
6125	Salaries-Officers	$ 29,119	$ 29,119							
6130	Salaries-HR	$ 4,068	$ 4,068							
6135	Salaries-MIS	$ 5,760	$ 5,760							
6140	Salaries-Leadership Ops	$ 11,549	$ 11,549							
6145	Salaries-Regulatory	$ 9,459	$ 9,459							

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Analysis of 2008 WSC O&M Expenses Charged to Massanutten PSC by General Ledger Account

Allocated WSC Expenses			Included in Market Cost Study			Excluded From Market Cost Study				
Account		2008 G/L	Expenses Related to Personnel Whose Costs Are Allocated to Massanutten			Salaries & Benefits of Hourly Personnel	Capital Costs	Outside Services	Travel Expenses	Operating and Non-Service Expenses
Number	Description	Balance	Labor	Benefits	Other Exp					
6150	Salaries-Customer Service	$ 116	$ 116							
6155	Salaries-Operations Field	$ 10,252	$ 10,252							
6165	Salaries-Operations Office	$ 2,351	$ 2,351							
6185	Capitalized Time Adjustment	$ (25,629)					$ (25,629)			
6190	Travel Lodging	$ 2,480							$ 2,480	
6195	Travel Airfare	$ 754							$ 754	
6200	Travel Transportation	$ 306							$ 306	
6205	Travel Meals	$ 518							$ 518	
6215	Travel Entertainment	$ 73							$ 73	
6220	Fuel	$ 43,362								$ 43,362
6225	Auto Repairs & Tires	$ 12,009								$ 12,009
6230	Auto Licenses	$ 236								$ 236
6310	Other Trans Expenses	$ 49			$ 49					
6320	Water-Other Maint Exp	$ (1)			$ (1)					
6345	Sewer-Maint Supplies	$ 19			$ 19					
6355	Sewer-Other Maint Exp	$ 4			$ 4					
6360	Deferred Maint Expense	$ 5,191								$ 5,191
6380	Communication Expense	$ 10			$ 10					
6385	Repairs & Maint-Maint,Land	$ 15			$ 15					
6390	Uniforms	$ 12			$ 12					
6580	Weather/Hurricane Costs	$ 35			$ 35					
6585	Deprec-Office Structure	$ 1,734			$ 1,734					
6595	Deprec-Office Furn/Eqmt	$ 294			$ 294					
6610	Deprec-Tool Shop & Misc Eqm	$ 5			$ 5					
6905	Deprec-Communication Eqmt	$ 82			$ 82					
6920	Deprec-Auto Trans	$ 59,535								$ 59,535
7510	Deprec-Computer	$ 48,625								$ 48,625
7515	FICA Expense	$ 38,924		$ 15,600		$ 23,814				
7520	Federal Unemployment Tax	$ 780		$ 168		$ 415				
7535	State Unemployment Tax	$ 723		$ 590		$ 107				
7550	Franchise Tax	$ 3			$ 3					
7555	Property/Other General Tax	$ (54)			$ (54)					
7690	Real Estate Tax	$ 1,096			$ 1,096					
7691	Sale of Equipment	$ (9)			$ (9)					
7750	S/T Int Exp Charges	$ (316)					$ (316)			
	Total Allocated WSC Expenses	$ 514,620	$ 102,558	$ 56,099	$ 31,482	$ 103,792	$ (24,760)	$ 14,246	$ 4,130	$ 252,099
	Direct Charge WSC Salaries	$ 415,352	$ 100,119			$ 315,233				
Total Alloc and Dir Chg WSC Expenses		**$ 929,971**	**$ 202,676**	**$ 56,099**	**$ 31,482**	**$ 419,025**	**$ (24,760)**	**$ 14,246**	**$ 4,130**	**$ 252,099**

The following WSC expenses were excluded from the market cost comparison because they are not related to services provided by Northbrook and regional office personnel:

- Salaries, Benefits and Payroll Taxes of Hourly Employees – Represent personnel costs associated with local Massanutten PSC operations and maintenance staff and customer service representatives in the Middlesboro, Kentucky regional office.
- Capital Costs – Are not related to the provision of services to Massanutten PSC.
- Outside Services – These expenses are not associated with the cost of WSC personnel performing services for Massanutten PSC. Charges from outside professional firms to perform certain corporate-wide services (*e.g.*, legal, financial audit, tax return review) represent services that have, in effect, already been outsourced by WSC.
- Travel Expenses - In general, client-related travel expenses are not recovered by outside service providers through their hourly billing rates. Rather, actual out-of-pocket travel expenses are billed to clients in addition to fees for professional services. Thus, it is appropriate to remove these charges from the WSC hourly rate calculation.
- Operating and Other Non Management/Professional Services Expenses – The remaining excluded expenses are associated with: (1) materials and postage associated with printing and mailing of customer bills, (2) insurance for the Massanutten PSC operation (3) general ledger hardware and software expenses and (4) vehicle expenses for the Massanutten PSC operation.

Each WSC position was next assigned to the outside service provider to whom their work could be outsourced. Exhibit 3 shows the results of this analysis. This designation was used to assign each position's salary and hours to the four outside provider cost pools.

Exhibit 3 shows four WSC positions designated as administrative support personnel. Outside service providers typically recover the cost of these personnel through the hourly rates of professional staff. For purposes of the WSC hourly rate calculation, administrative staff salaries are considered an overhead that are "loaded" onto management and professional hourly rates.

Assignment of WSC Positions To Outside Provider Categories

			Assignment to Outside Provider Category				
Location	Group	WSC Position Whose Salary Is Charged to Massanutten	Management Consultant	Certified Public Accountant	Professional Engineer	Attorney	Admin Support
Corporate	Billing & Collect	Assistant Manager Billing and Collect		X			
Corporate	Administration	Operations Administrator			X		
Corporate	A/P	A/P Account Manager		X			
Corporate	Finance/Acctg	Tax Account Manager		X			
Corporate	Finance/Acctg	Senior Financial Analyst		X			
Corporate	Finance/Acctg	Tax & Regulatory Accountant		X			
Corporate	IT	Systems Administrator		X			
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	Finance/Acctg	Fixed Asset Accountant		X			
Corporate	Billing & Collect	Billing Specialist		X			
Corporate	Finance/Acctg	Manager of Corporate Accounting		X			
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	Human Res	Benefits & Performance Mgmt. Splst	X				
Corporate	Billing & Collect	Rates Specialist		X			
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	Payroll	Payroll Administrator		X			
Corporate	Regulatory	Senior Regulatory Accountant		X			
Corporate	Finance/Acctg	Accounting Analyst		X			
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	IT	IT Help Desk Technician		X			
Corporate	A/P	A/P Clerk		X			
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	Billing & Collect	Manager Billing and Collections		X			
Corporate	Finance/Acctg	Director of Tax & Accounting Ops		X			
Corporate	Human Res	Manager of Human Resources	X				
Corporate	Executive	Chief Regulatory Officer	X				
Corporate	Executive	General Counsel				X	
Corporate	Finance/Acctg	Corporate Staff Accountant		X			
Corporate	Ops Support	Compliance and Safety Coordinator			X		
Corporate	Finance/Acctg	Capital Project Accountant		X			
Corporate	Finance/Acctg	Senior Fixed Asset Accountant		X			
Corporate	Regulatory	Manager of Regulatory Accounting		X			
Corporate	Executive	Chief Executive Officer and President	X				
Corporate	Human Res	Human Resources Generalist	X				
Corporate	Regulatory	Administrative Support		X			
Corporate	Regulatory	Manager of Regulatory Accounting		X			
Corporate	Executive	Executive Assistant					X
Corporate	Executive	Chief Operations Officer	X				
Corporate	Regulatory	Regulatory Staff Accountant		X			
Corporate	A/P	A/P Clerk - All Utility		X			
Corporate	Regulatory	Manager of Regulatory Accounting		X			
Corporate	Finance/Acctg	Senior Corporate Accountant		X			
Corporate	Regulatory	Administrative Support		X			
Corporate	Administration	Mail Clerk					X
Corporate	A/P	A/P Account Manager		X			
Corporate	Administration	Receptionist					X
Corporate	IT	IT Help Desk Technician		X			
Corporate	Billing & Collect	Collections Specialist		X			
Corporate	Payroll	Payroll Supervisor		X			
Corporate	A/P	A/P Account Manager		X			
Corporate	Administration	Operations Administration Manager			X		
Corporate	A/P	A/P Data Entry Clerk		X			
Corporate	Finance/Acctg	Financial Analyst		X			
Corporate	Finance/Acctg	Fixed Asset Accountant		X			
Corporate	Executive	Executive Assistant					X
Corporate	Executive	Chief Financial Officer	X				
Corporate	IT	Manager of Information Technology		X			
Corporate	A/P	Accounts Payable Supervisor		X			
Corporate	Finance/Acctg	Senior Corporate Accountant		X			
Corporate	Finance/Acctg	Controller		X			
Corporate	Corporate Dev	VP Corporate Development	X				
Corporate	Corporate Dev	Finance Manager		X			
Corporate	Executive	Manager of Public Relations	X				
Corporate	Finance/Acctg	Staff Accountant		X			
Corporate	IT	CC&B Administrator		X			
Corporate	Ops Support	Operations Support Director			X		
Region - NC	Ops Support	Regional Vice President	X				
Region - NC	Ops Support	Regional Compl & Safety Manager			X		
Region - NC	Ops Support	Office Manager		X			
Region - NC	Ops Support	Project Manager			X		
Region - NC	Ops Support	Operating Manager - JCT			X		
Region - NC	Ops Support	Regional Director	X				
Region - NC	Ops Support	Regional Compliance & Safety Mgr			X		
Region - NC	Ops Support	Regional Business Operations Mgr		X			
Region - KY	Customer Svc	Regional Office Manager		X			

Shown below is the calculation of the overheads that are applied to management and professional salaries for purposes of calculating WSC's hourly rates.

	Amount	% of Mgmt & Prof Salaries
Salaries		
Management & Professional	$ 199,061	
Administrative Support	$ 3,615	1.8%
Total Salaries	$ 202,676	
Benefits	$ 56,099	28.2%
Other Expenses	$ 31,482	15.8%
Total Testable Expenses	$ 290,258	

Based on the assignment of market testable WSC expenses and hours to the four outside provider categories, WSC's 2008 hourly rates are calculated below.

	Management Consultant	Certified Public Accountant	Professional Engineer	Attorney	Total
Management/Professional Salaries	$ 33,346	$ 86,253	$ 75,726	$ 3,736	$ 199,061
Overhead Items:					
Benefits (28.s%)	$ 9,398	$ 24,308	$ 21,341	$ 1,053	$ 56,099
Other Expenses (15.8%)	$ 5,274	$ 13,641	$ 11,976	$ 591	$ 31,482
Administrative Staff Salaries (1.8%)	$ 606	$ 1,567	$ 1,375	$ 68	$ 3,615
Total Cost Pool	$ 48,623	$ 125,769	$ 110,419	$ 5,447	$ 290,258
Management and Professional Hours	508	2,590	2,322	33	5,453
Average Hourly Rate	**$ 96**	**$ 49**	**$ 48**	**$ 163**	

Outside Service Provider Hourly Rates

The next step in the cost comparison was to obtain the average billing rates for each outside service provider. The source of this information and the determination of the average rates are described in the paragraphs that follow.

Management Consultants

The cost per hour for management consultants was developed from the 2008 annual survey performed by the Association of Management Consulting Firms—an industry trade organization. The first step in the calculation, presented in Exhibit 4, was to determine an average rate by consultant position. From these rates, a single weighted average hourly rate was calculated based upon the percent of time that is typically applied to a consulting assignment by each consultant position. Consultants typically do not limit their practice to any one region and must travel to a client's location. Thus, the U.S. national average is appropriate for comparison. This survey includes rates that were in effect at December 31, 2007 for firms in the United States. This 2007 average rate was escalated to June 30, 2008—the midpoint of 2008.

Certified Public Accountants

The average hourly rate for Virginia certified public accountants was developed from a 2008 survey conducted by the American Institute of Certified Public Accountants (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in Virginia. The average hourly rate was calculated for a range of accountant positions, as shown in Exhibit 5. Based on a typical staff assignment by each accountant position, a weighted average hourly rate was calculated. This survey covered hourly rates in effect during 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of 2008.

Professional Engineer

The association for professional civil engineers, the American Society of Civil Engineers, does not survey its members' billing rates. Neither does the National Society of Professional Engineers, the association for the entire engineering profession. Thus, 2008 professional engineer hourly rates were provided by WSC for two firms that are periodically used in Virginia when outside engineering services are required. As shown in Exhibit 6, an average rate was developed for each engineering position. Then, using a typical percentage mix by position for a typical engineering project, a weighted average cost per hour was calculated.

Attorneys

The Virginia Bar Association does not survey its members as to their hourly billing rates. In addition, publicly available billing rate information could not be found for Virginia attorneys (Virginia Lawyers Weekly previously asked for hourly rates in its annual survey but eliminated that question a few years ago). Therefore, an estimate of Virginia attorney rates was developed from surveys of Michigan and Massachusetts lawyers conducted annually by the publications, Michigan Lawyers Weekly and Massachusetts Lawyers Weekly. As presented in Exhibit 7, the average rate for each Michigan and Massachusetts firm respondent was adjusted for the cost of living differential between their location and McGaheysville, Virginia. The survey includes hourly rates that were in effect at December 31, 2007. Thus, the 2007 average rate was escalated to June 30, 2008—the midpoint of 2008.

A. Calculation of Average Hourly Billing Rate by Consultant Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Rates (Note A)				
	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average	$ 142	$ 181	$ 236	$ 286	$ 333

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

	Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing Rate (from above)	$ 142	$181	$236	$286	$333	
Percent of Consulting Assignment	30%	30%	20%	10%	10%	Weighted Average
	$ 42	$ 54	$ 47	$ 29	$ 33	**$ 206**

Escalation to Midpoint of December 31, 2008 Test Period (Note B)

CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For Management Consultants At June 30, 2008	**$ 214**

Note A: Source is "Operating Ratios For Management Consulting Firms, 2008 Edition," Association of Management Consulting Firms
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

A. Calculation of Average Hourly Billing Rate by Public Accounting Position
Survey billing rates were those in effect in 2007 (Note A)

	Average Hourly Billing Rate (Note A)				
	Staff Accountant	Senior Accountant	Manager	Partner	
Average Hourly Billing Rate by CPA Firm Position	$ 80	$ 107	$ 138	$ 165	
Percent of Accounting Assignment	30%	30%	20%	20%	Weighted Average
	$ 24	$ 32	$ 28	$ 33	**$ 117**

Escalation to Midpoint of June 30, 2008 Test Period (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Hourly Billing Rate For CPAs At June 30, 2008	**$ 122**

Note A: Source is AICPA's 2008 National PCPS/TSCPA Management of an Accounting Practice Survey (Virginia edition)
Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note: Billing rates are the average for 2008

A. Calculation of Average Hourly Rate by Engineer Position

	Average Hourly Billing Rates			
Name of Firm	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer
Firm #1	$91	$120	$136	$194
Firm #2	$65	$103	$126	$175

B. Calculation of Overall Average Engineering Hourly Billing Rate

	CAD Drafter Engineer Tech	Engineer Design Engineer Project Engineer Elect Proj Engineer	Project Manager Project Associate Sr. Mgr. Engineer	Officer Principal Engineer	
Average Hourly Billing Rate (From Above)	$78	$111	$131	$184	
Typical Percent of Time on an Engineering Assignment	30%	35%	25%	10%	Weighted Average
	$23	$39	$33	$18	**$114**

Source: Information provided by Utilities, Inc. Firm names have not been disclosed to preserve the confidentiality of their hourly rates.

Billing rates as of December 31, 2007 (Note A)									
		Number	Billing Rate Range					Cost of Living	
		Of	Associate		Partner			Adjust	Adjusted
Firm	Location	Lawyers	Low	High	Low	High	Average	(C)	Rate
Dickinson Wright PLLC	Detroit, Mi	229	$ 170	$ 275	$ 260	$ 530	$ 309	78%	$ 396
Dykema	Detroit, Mi	222	$ 185	$ 390	$ 245	$ 625	$ 361	78%	$ 463
Butzel Long	Detroit, Mi	209	$ 165	$ 400	$ 220	$ 550	$ 334	78%	$ 428
Bodman LLP	Detroit, Mi	128	$ 125	$ 215	$ 210	$ 495	$ 261	78%	$ 335
Jaffe Raitt Heuer & Weiss, PC	Southfield, Mi	100	$ 165	$ 225	$ 225	$ 500	$ 279	89%	$ 313
Trott & Trott, PC	Bingham Farms, Mi	64	$ 170	$ 170	$ 235	$ 235	$ 203	116%	$ 175
Brooks Kushman PC	Southfield, Mi	52	$ 160	$ 275	$ 250	$ 505	$ 298	89%	$ 334
Kemp, Klein, Umphrey, Edelman & May PC	Troy, Mi	36	$ 150	$ 190	$ 200	$ 340	$ 220	103%	$ 215
Pepper Hamilton LLP	Detroit, Mi	33	$ 200	$ 315	$ 340	$ 615	$ 368	78%	$ 471
Hertz, Schram & Saretsky, PC	Bloomfield Hills, Mi	29	$ 175	$ 260	$ 275	$ 400	$ 278	128%	$ 217
Strobl & Sharp, PC	Bloomfield Hills, Mi	28	$ 110	$ 210	$ 200	$ 300	$ 205	128%	$ 160
Kupelian Ormond & Magy, PC	Southfield, Mi	25	$ 165	$ 195	$ 235	$ 320	$ 229	89%	$ 257
Rader, Fishman & Grauer, PLLC	Bloomfield Hills, Mi	25	$ 130	$ 250	$ 275	$ 495	$ 288	128%	$ 225
McShane & Bowie PLC	Grand Rapids, Mi	22	$ 160	$ 275	$ 250	$ 375	$ 265	88%	$ 300
Edwards Angel Palmer & Dodge	Boston, Ma	259	$ 144	$ 321	$ 474	$ 474	$ 353	135%	$ 261
Sullivan & Worcester	Boston, Ma	137	$ 245	$ 530	$ 415	$ 700	$ 473	135%	$ 349
Burns & Levinson	Boston, Ma	112	$ 210	$ 350	$ 375	$ 475	$ 353	135%	$ 260
Bowditch & Dewey	Worcester, Ma	64	$ 150	$ 300	$ 280	$ 550	$ 320	106%	$ 301
Mirick O'Connell	Worcester, Ma	60	$ 160	$ 250	$ 280	$ 400	$ 273	106%	$ 256
Hinckley, Allen & Snyder	Boston, Ma	58	$ 200	$ 330	$ 300	$ 480	$ 328	135%	$ 242
Prince Lobel Glovsky & Tye	Boston, Ma	52	$ 175	$ 265	$ 275	$ 475	$ 298	135%	$ 220
Robinson & Cole	Boston, Ma	48	$ 220	$ 375	$ 340	$ 490	$ 356	135%	$ 263
Bromberg & Sunstein	Boston, Ma	42	$ 250	$ 450	$ 500	$ 725	$ 481	135%	$ 355
Lawson & Weitzen	Boston, Ma	35	$ 125	$ 225	$ 225	$ 400	$ 244	135%	$ 180
Murtha Cullina	Boston, Ma	34	$ 165	$ 290	$ 250	$ 500	$ 301	135%	$ 222
Marcus Errico Emmer & Brooks	Braintree, Ma	28	$ 250	$ 250	$ 300	$ 360	$ 290	127%	$ 229
Rich May	Boston, Ma	25	$ 150	$ 300	$ 300	$ 400	$ 288	135%	$ 212
Keegan Werlin	Boston, Ma	22	$ 150	$ 275	$ 325	$ 475	$ 306	135%	$ 226
Barron & Stadfeld	Boston, Ma	21	$ 160	$ 230	$ 250	$ 350	$ 248	135%	$ 183
Cain Hibbard Myers & Cook	Pittsfield, Ma	19	$ 150	$ 200	$ 210	$ 235	$ 199	107%	$ 185
							Overall Average 2007 Billing Rate		$ 274

Escalation to Test Year's Mid-Point - June 30, 2008 (Note B)	
CPI at December 31, 2007	210.0
CPI at June 30, 2008	218.8
Inflation/Escalation	4.2%
Average Billing Rate At June 30, 2008	**$ 286**

Note A: Source is Michigan Lawyers Weekly (April 2008) and Massachusetts Lawyers Weekly (April 2008)

Note B: Source is U.S. Bureau of Labor Statistics (ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt)

Note C: Source is Sperling's Best Places (http://www.bestplaces.net/col/col.aspx). This percentage represents the cost of living difference between the Michigan and Massachusetts cities and McGaheysville, Virginia. A number over 100% indicates the Michigan or Massachusetts city's cost of living is higher than McGaheysville. A number less than 100 % indicates McGaheysville's cost of living is higher.

WSC – Outside Provider Cost Comparison

As shown in the table below, WSC costs per hour are significantly lower than those of outside providers during 2008.

Service Provider	WSC	Outside Provider	Difference--WSC Greater(Less) Than Outside
Management Consultant	$ 96	$ 214	$ (119)
Certified Public Accountant	$ 49	$ 122	$ (73)
Professional Engineer	$ 48	$ 114	$ (66)
Attorney	$ 163	$ 286	$ (123)

Based on these cost per hour differentials and the number of hours billed to Massanutten PSC, outside service providers would have cost Massanutten PSC and its rate payers $406,705 or 140% ($406,705 / $290,258) more than the cost of WSC's services during 2008.

Service Provider	Hourly Rate Difference--WSC Greater(Less) Than Outside	WSC Hours Charged	Dollar Difference
Management Consultant	$ (119)	508	$ (60,217)
Certified Public Accountant	$ (73)	2,590	$ (189,116)
Professional Engineer	$ (66)	2,322	$ (153,246)
Attorney	$ (123)	33	$ (4,125)
		WSC Less Than Outside Providers	$ (406,705)

SUPPLEMENTAL TESTIMONY
OF
PATRICK L. BARYENBRUCH
ON BEHALF OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

CASE NO. PUE-_____

Q. Please state your name and business address.

A. Patrick L. Baryenbruch, 2832 Claremont Road, Raleigh, North Carolina 27608.

Q. Please describe your educational and professional background.

A. I received a Bachelors degree in accounting from the University of Wisconsin-Oshkosh in 1974 and a Masters in Business Administration degree from the University of Michigan in 1979.

I am a certified public accountant and am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as a staff accountant with Arthur Andersen & Company where I performed financial audits of utilities, banks and finance companies. After three years I left to pursue an M.B.A. degree. Upon graduation from business school, I worked with the consulting firms of Theodore Barry & Associates and Scott, Madden & Associates. During my consulting career, I have performed consulting assignments for approximately 50 utilities and 10 public service commissions. I have participated as project manager, lead or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Waterworks

Corporation (Pennsylvania Operations), Philadelphia Suburban Water Company, Pacific Gas & Electric Company and Southern California Edison.

My firm performed the commission-ordered audits of Southern California Edison's transactions with its non-regulated affiliate companies for the years 2002 through 2005.

Q. What are your duties and responsibilities in your current position?

A. I am the President of my own consulting practice, Baryenbruch & Company, LLC, which was established in 1985. In that capacity, I provide financial and management and consulting services to utilities and their regulators.

Q. Please describe the reason for your testimony in this case.

A. I am presenting the results of my study which evaluated the services provided by Water Service Corporation (WSC) to Massanutten Public Service Corporation (Massanutten PSC). This study was undertaken in conjunction with Massanutten PSC's rate case for the test year ending December 31, 2008 and is true to the best of my knowledge and belief. The study is attached as Exhibit PLB-1.

Q. What were the objectives of your study?

A. This study was undertaken to determine if WSC provided services to Massanutten PSC during 2008 at the lower of cost or market.

Q. What conclusions were you able to draw from your study?

A. I was able to draw the following conclusions:

(1) WSC provided Massanutten PSC with managerial and professional services during 2008 at the lower of cost or market.

(2) On average, 2008 hourly rates for outside service providers were 140% higher than the WSC's hourly rates.

(3) If all the managerial and professional services provided by WSC had been out-sourced during 2008, Massanutten PSC and its ratepayers would have incurred an additional $406,700 in expenses.

Q. Does this complete your testimony?

A. Yes.

Deloitte.

IAWC Exhibit 11.01

SERVICE COMPANY COST STUDY

PREPARED FOR ILLINOIS-AMERICAN WATER COMPANY

MAY, 2009

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Appendix 1
Schedules

I. INTRODUCTION

Deloitte & Touche LLP ("Deloitte & Touche") was engaged by Illinois-American Water Company ("IAWC") to conduct a Service Company Cost Study ("Study") comparing the cost of certain services expected to be obtained by IAWC from American Water Works Service Company, Inc. ("AWWSC" or "Service Company") to the costs that would be incurred if such services were obtained in the open market. This Study is prepared in response to the Illinois Commerce Commission's ("Commission") Order of July 30, 2008 in Docket 07-0507 that IAWC

> "...conduct a study comparing the cost of each service obtained from the Service Company to the costs of such services had they been obtained through competitive bidding on the open market. As part of the study, IAWC must also provide an analysis of the services provided by the Service Company to all of IAWC's affiliates. The analysis must provide details on the specific services provided to IAWC and how costs are allocated among affiliates of IAWC. IAWC shall include the study in its next rate filing."[1]

As the testimony of IAWC's President, Ms. Teasley, discusses, in response to this requirement, IAWC has presented the testimony of five witnesses, including the testimony of Messrs. Mark Young of Deloitte & Touche and Bernard L. Uffelman of Uffelman Advisory Services, LLC, who sponsor this Study. As Ms. Teasley explains, Mr. John Young, President of AWWSC discusses each service that AWWSC performs. Mr. Edward Grubb addresses the cost assignment and allocation process, and other matters related to AWWSC services.

As Ms. Teasley explains, in procuring services, IAWC's practice is to provide support for utility operations based on considerations of cost-effectiveness, timeliness, reliability and adequacy. For certain services, IAWC is able to maintain adequate service quality and achieve efficiencies through the use of qualified third-party providers (i.e., AWWSC or a non-affiliate provider). As Ms. Teasley indicates, for certain services that can be outsourced, IAWC has determined that use of a non-affiliate provider is not feasible. For the reasons Ms. Teasley discusses, the services in this category include corporate governance, the customer service center and the employee benefits service center. For the reasons given by Ms. Teasley, IAWC believes that these services should be performed only by employees of IAWC or those of an affiliated company. Ms. Teasley sponsors a study that compares the cost incurred by IAWC in obtaining these, and other services, from AWWSC to the market cost that IAWC would incur if it were to itself retain the personnel needed to provide these services on a stand-alone basis ("Self Provision Study"). Thus the Self Provision Study provides the applicable market comparison for services that cannot be

[1] Illinois Commerce Commission Docket 07-0507, Section IV. B. 6. d

outsourced to non-affiliates. The required market comparison for services that IAWC can effectively outsource to an affiliate or non-affiliate provider are the subject of this Study. This Study also provides an analysis of IAWC's customer service center costs which supports the Self Provision Study sponsored by Ms. Teasley.

The remainder of this Study is comprised of the following seven sections:

- Overview of AWWSC
- Study Methodology
- Market Cost Comparison Survey Information
- Market Analysis
- Customer Accounts Analysis
- Study Conclusions
- Professional Standards

The Service Company provided Deloitte & Touche with information pertaining to AWWSC and IAWC to perform the Study, including but not limited to information related to the projected level of service costs for the fully forecasted 2010 test year. The analysis also relied on market information obtained directly by Deloitte & Touche. The sources of information used in developing the analysis are noted throughout this Study and supporting schedules.

The methodology used by Deloitte & Touche for comparing the cost of each service expected to be obtained from the Service Company that can be performed by a non-affiliate to the costs of such services that would be incurred if such services were obtained through competitive bidding on the open market is described in greater detail in the following sections of this Study. The methodology incorporates a comparison of the forecasted cost of certain services expected to be obtained by IAWC from the Service Company during the forecast period to the expected cost or market price for the services in the future period if such services were obtained on the open market. The results of the analysis show either the cost savings expected to be realized (i.e., Service Company costs lower than market) or the excess costs expected to be incurred (i.e., Service Company costs higher than market) by IAWC from obtaining professional and managerial services through the Service Company when compared to the costs of acquiring such services in the open market from third-party service providers.

As discussed above, the Self Provision Study provides the applicable market comparison for IAWC's customer service related cost (comparing the cost incurred by IAWC to obtain this service from AWWSC to the cost to self provision, i.e., the cost to IAWC of retaining the needed personnel in the market to provide this service on a stand-alone basis). As Ms. Teasley discusses, the Self Provision Study demonstrates that the cost incurred by IAWC to obtain this service through AWWSC is significantly below the cost that would be incurred to self-provide the services.

This Study provides an additional analysis of customer service costs that supports the Self Provision Study sponsored by Ms. Teasley. The analysis performed by Deloitte & Touche includes a comparison of IAWC's customer service cost to the customer service costs reported by other utilities in narrowly defined customer accounts for providing comparable services. Although not a market cost comparison for this type of service, the additional analysis demonstrates that IAWC's customer service cost to obtain this service through AWWSC is below the average level of cost incurred by other utilities for this function.

II. OVERVIEW OF AWWSC

AWWSC is a subsidiary of American Water Works Company, Inc. ("AWWC" or "American Water") and is organized as a services organization to provide governance and support services to AWWC affiliates, including IAWC. Service companies are common in the utility industry and provide support services to affiliates in a centralized manner resulting in cost efficiencies to affiliates by eliminating the need for affiliates to perform support services on a stand-alone basis.

A. AWWSC Locations

AWWSC is a collection of organizations (i.e., functions) that provide managerial and professional support services to AWWC affiliates including IAWC from a number of locations. The AWWSC locations are described below.

Belleville Lab – personnel at this location perform water quality testing for all AWWC operating water utility affiliates. The Belleville Lab is located in Belleville, Illinois.

National Call Centers – AWWSC personnel perform the following customer service activities: customer call processing, service order processing, customer payment processing, credit and collection, customer billing and other customer related activities. AWWSC operates two call centers located in Alton, Illinois and Pensacola, Florida. AWWSC's call centers respond to customer inquiries nationwide from AWWC's regulated operations, including customers in Illinois served by IAWC.

Corporate – personnel located in Voorhees, New Jersey include AWWC's executive management group as well as AWWSC functional leadership who provide corporate oversight and support services to AWWC affiliates. Corporate operations personnel are also located in Mt. Laurel, New Jersey.

Information Technology Service Centers ("ITS") – this function consists of a principal data center located in Hershey, Pennsylvania to support AWWC's information technology infrastructure required to operate AWWSC and operating company business applications and computer systems. A second data center is

located in Haddon Heights, New Jersey. ITS administrative personnel are located in Voorhees, New Jersey.

Shared Service Center ("SSC") – personnel at this location in Cherry Hill, New Jersey provide financial, accounting and treasury services to AWWC's operating companies.

B. **AWWSC Business Functions**

As discussed in Mr. John Young's testimony, AWWSC services are provided to American Water affiliates by AWWSC personnel in the following functions:

- **Communications and External Affairs**
- **Corporate Finance**
  - Treasury
  - Controller
  - Planning & Reporting
- **Customer Service Center**
- **Human Resources**
- **Information Technology Services**
- **Legal**
- **Operations Services**
  - Engineering
  - Maintenance & SCADA
  - Innovation & Environmental Stewardship
  - Central Laboratory Services
  - Supply Chain
  - Best Operating Practices
  - Operations Risk Management
- **Divisional Operations Support and Regulated Operations**
- **Shared Services Center**
- **Other**
  - Business Development
  - Internal Audit
  - Investor Relations
  - Regulatory Programs

C. **AWWSC Costs**

The types of costs incurred by AWWSC in providing service to affiliates including IAWC include the following:

- **Compensation costs** – this cost category includes the salaries and wages of AWWSC professional and managerial and administrative personnel who provide services to AWWC affiliates, and

- **Overhead costs** – this cost category includes labor-related overhead costs, building/office costs, and other overhead costs. Labor-related overhead costs include but are not limited to: employee benefits, pensions and payroll taxes. Building/office and other overhead costs include but are not limited to: depreciation expense, property and equipment rental, transportation lease and maintenance costs, property and liability insurance, utility and miscellaneous general office costs.

Labor loading rates are developed by AWWSC and applied to AWWSC employee compensation costs to recover the overhead costs referenced above. The "fully-loaded" AWWSC costs are billed to affiliates for services provided. Charges for services provided by AWWSC to affiliates are therefore billed "at cost" and do not include a profit or mark-up.

III. STUDY METHODOLOGY

This section of the Study provides an overview of the methodology used by Deloitte & Touche for comparing the cost of certain services expected to be obtained by IAWC from the Service Company to the costs of such services that would be incurred if the services were obtained through competitive bidding on the open market. This section of the Study also provides an overview of the methodology used by Deloitte & Touche for comparing IAWC's customer service related costs to those of other utilities. Sections V and VI of the Study provide additional detailed information including schedules summarizing the results of the market and customer accounts analyses discussed below.

A. Market Analysis

1. Primary Analysis

This section describes the primary analysis used by Deloitte & Touche to compare the cost of each service expected to be obtained from the Service Company that can be effectively outsourced to an affiliate or non-affiliate provider to the cost that would be incurred for the service if it were obtained on the open market ("Market Analysis"). To develop the analysis, the Service Company provided Deloitte & Touche with test year forecast information regarding IAWC's fully forecasted test year including the services expected to be utilized by IAWC during the forecast period and the costs expected to be incurred in the provision of such services. Information provided by the Service Company related to the test year included, but was not limited to, the business units and locations providing the services (e.g., Belleville Lab, Corporate, SSC); the functions providing the services (e.g., accounting, audit, finance, treasury); the categories

of services to be provided within each function (e.g., accounting, engineering, legal); the job titles of the personnel expected to provide the services and the number of positions in each job title; the number of hours expected to be worked in providing the services; and the costs expected to be incurred in providing the services (e.g., labor, labor overheads, building and office costs, and other overheads). This information provided Deloitte & Touche with an understanding of the services and costs expected to be incurred by the Service Company at the service level (i.e., business unit and function) in providing services to IAWC during the test year for comparison to an expected market price if such services were obtained from third-party providers through a competitive bidding process.

In providing professional and managerial services to affiliates, including IAWC, the Service Company incurs similar types of costs as shown in Section II above as do third-party providers. However, unlike charges or billing rates established by third-party vendors to bill for services provided that include a profit component, services provided by AWWSC to affiliates are billed at cost. Services provided by the Service Company and their related fully-loaded costs can be grouped or categorized for an "apples-to-apples" comparison to the services and costs that would result from obtaining such services from outside service providers in the open market.

To develop the market service categories and cost information to compare to the IAWC test year services and costs, Deloitte & Touche obtained and used market survey cost information as described in Section IV of this Study for the following professional and managerial service categories:

- Accounting Services,
- Engineering Services,
- Information Technology Services,
- Legal Services, and
- Management Consulting Services.

The market surveys corresponding to the above five service categories contain external market survey hourly billing rate ("Market Rate") information or, in the case of information technology services, compensation information for computing a Market Rate for the professional service classifications listed in the market surveys. For example, as explained in greater detail in Section IV of this Study, the Market Rate information for accounting services was reported by accounting firms for the following professional service classifications:

- Partner,
- Director,
- Manager,
- Senior Associate, and
- Associate.

To assist Deloitte & Touche with the comparison of the 2010 forecasted cost for each type of service expected to be obtained by IAWC from the Service Company to an expected market price for the service in the future period (for those services that can be effectively outsourced to a non-affiliate provider), the Service Company provided Deloitte & Touche with a summary by business unit location and function of the test year costs and hours expected to be incurred during the test year. The summary also included the Service Company's expected unitized cost per hour ("Service Company Rate") for providing each service. The Service Company Rate was calculated by dividing the expected test year costs to provide the service by the projected number of hours required to provide the service. This information was mapped to the professional and managerial personnel classifications contained in the market surveys as provided to the Service Company by Deloitte & Touche for each of the five service categories listed above and resulted in comparative data for comparing the fully-loaded cost of certain services expected to be obtained from the Service Company to the cost of such services if they were obtained through competitive bidding on the open market.

Since professional services firms typically recover the cost of administrative personnel and executive assistants through the hourly billing rates they charge for their professional personnel, the Service Company's cost of its administrative personnel and executive assistants were included in the calculation of the Service Company Rates for its professional and managerial personnel. This adjustment resulted in the recognition of the Service Company's costs for administrative personnel and executive assistants in the fully-loaded cost of each service expected to be provided by the Service Company to IAWC for comparison to the market survey costs charged by outside providers.

To compare IAWC's costs for the services expected to be provided by the Service Company during the forecasted 2010 test year to the costs for such services had they been provided by outside third-party service providers, it was necessary to exclude employee meals and travel expenses. This adjustment was necessary since professional services firms typically charge clients directly for meals and travel expenses and therefore, travel-related costs are not recovered through the firms' hourly billing rates. In addition, an adjustment was made by IAWC to exclude certain software and hardware related costs (e.g., computer software applications and maintenance, computer hardware costs, depreciation and amortization, license fees and annual updates) from Service Company costs. To the extent a professional services firm incurs costs related to specialized hardware and software applications required to perform services on behalf of a specific client, such as American Water, such costs would typically be charged directly to the client as an expense and therefore would not be included in the firm's hourly billing rates.

Based on the professional service classifications defined by Deloitte & Touche, Deloitte & Touche and the Service Company developed for each of the five service categories a time distribution of the expected test year Service Company

hours for each professional service classification within each of the service categories. The time distributions were used by Deloitte & Touche to apply to the Market Rate for each professional classification to compute a weighted average Market Rate for each service category and professional classification. Because the market surveys contained 2007 or, in the case of information technology services, 2008 price information, the Market Rates for each service category were escalated using the consumer price index – all urban consumers ("CPI") to 2010 expected cost levels.[2]

The weighted average Market Rate for each service category and professional classification was compared to the Service Company Rate for each service category and professional classification as computed by the Service Company for IAWC's test year. The differences between the Service Company Rates and the Market Rates were then multiplied by the number of budgeted hours contained in IAWC's forecast period to calculate either the cost savings expected to be realized (i.e., Service Company costs lower than market) or the excess costs expected to be incurred (i.e., Service Company costs higher than market) by IAWC from obtaining professional and managerial services through the Service Company when compared to the costs of such professional services if they were acquired in the open market from third-party service providers.

To supplement the Market Rates used in the analyses, and to verify that the Market Rates are an appropriate measure for comparing to the Service Company Rates, Deloitte & Touche requested information from American Water regarding rates quoted or charged by third-party vendors ("Supplemental Rates") to American Water for services provided. American Water provided information relating to the Supplemental Rates charged for services provided to it or subsidiaries by third-party vendors in relevant markets. Section V of this Study contains the analysis and discussion of the comparison of the Service Company's fully-loaded Service Company Rates to the Market Rates and the Supplemental Rates.

2. Secondary Analysis

In addition to the primary Market Analysis described above which included analysis of the Service Company Rates for Belleville Lab employees, IAWC witness Edward Grubb performed an analysis of the Belleville Lab costs. As described in Mr. Grubb's testimony, the Service Company performed a cost study comparing the Belleville Lab's cost to perform certain tests on a "per test" basis to the cost for use of outside commercial testing labs to perform the same tests. The analysis recognizes that laboratory services of the type utilized by IAWC are available in the market on a "per test" basis (while the primary Market

[2] United States Department Of Labor, Bureau Of Labor Statistics for changes in CPI-U through 2008. Congressional Budget Office *The Budget and Economic Outlook: Fiscal Years 2009 to 2019*, January 8, 2009, economic projection of percentage changes in CPI-U for calendar years 2009 and 2010.

Analysis recognizes that personnel qualified to perform the tests can be retained in the market on an hourly basis).

B. **Customer Accounts Analysis**

This section describes the Customer Accounts Analysis performed by Deloitte & Touche which supports the market comparison for customer service related costs contained in the Self Provision Study sponsored by Ms. Teasley. AWWSC's National Call Centers and IAWC perform numerous customer-related activities, the costs of which are charged or allocated to IAWC. Customer-related activities performed and costs incurred by AWWSC and IAWC include but are not limited to:

- Customer billing inquiries,
- Customer order processing,
- Billing information processing,
- Customer payment processing,
- Correspondence processing,
- Bank service charges,
- Postage, and
- Bill forms.

In most circumstances, the reasonableness of costs incurred by a specific utility cannot properly be assessed based solely on a comparison of the utility's costs with those incurred by other entities. This is because the needs, activities and cost structures of the entities involved may differ with the result that a cost comparison is meaningless. Where, however, a comparison is narrowly focused on a process reasonably expected to involve similar activities, and there is an applicable standardized accounting process, a cost comparison may provide an indication of reasonableness.

In the case of customer service, such activities among utilities are sufficiently similar to allow cost comparisons among regulated utilities that apply an established regulatory accounting framework. In these circumstances, there is some basis to expect reasonable accuracy and consistency of approach among the entities involved. United States electric utilities perform similar customer-related activities and incur similar types of customer-related costs in providing services to customers as does IAWC, therefore a Customer Accounts Analysis using information from regulatory filings was performed. Deloitte & Touche selected 13 electric utilities, 7 of which are combination electric and gas utilities, operating in the central region of the United States (i.e., Illinois, Indiana, Iowa, Missouri, and Ohio) for purposes of the Customer Accounts Analysis. Of the 13 utilities, 11 receive support services from a centralized service company affiliate.[3]

[3] *FERC Financial Report FERC Form No. 60: Annual Report of Centralized Service Companies.* Form No. 60 is an annual regulatory support filing under 18 CFR 366.23

The number of customers served by the electric utilities ranges from approximately 166 thousand to over 3.8 million.

The results of Deloitte & Touche's Customer Accounts Analysis are discussed in greater detail in Section VI of this Study.

IV. MARKET COST COMPARISON SURVEY INFORMATION

This section of the Study provides a discussion of the market surveys from which Deloitte & Touche obtained the service classifications and Market Rates used to calculate the weighted average hourly billing rates for each of the five service categories used in the Market Analysis. The market surveys contain information relating to the compensation, fee and billing practices for the five categories of professional services firms. The market surveys were identified by Deloitte & Touche through research based on selection criteria, which included the following: availability of survey information to member firms or through purchase; reliability of survey information for use in determining the price of services in relevant markets; reputation of the organization that conducted the survey and published the survey data; if the organization conducting the survey was a trade organization, the number and types of member firms; the purpose of the survey; the number of information requests sent and responses received; number and frequency of presentations of the survey by the organization in past years; type of categorization in the survey of the market information; and the amount of information provided regarding educational and experience requirements for identified market categories. The selection criteria are discussed as applicable below in connection with each survey selected. Based on the research conducted, Deloitte & Touche concluded that the surveys selected each provide a reliable indication of a market price for services covered by the survey.

The Market Rates and professional service classifications for each of the five service categories are provided in schedules of the Study, which will be discussed below. The discussion below highlights certain information relative to the Study.

A. Accounting Services

Deloitte & Touche used the results of the AICPA's *2008 PCPS/TSCPA National Management of an Accounting Practice Survey ("MAP Survey")*[4] for the accounting services classifications. The 2008 MAP Survey was conducted by Intelli-Service, an independent market research company.

The AICPA has approximately 339,000 members ranging from sole practitioners to the largest U.S. accounting firms. Surveys were sent to 80,000 members and

[4] AICPA refers to the American Institute of Certified Public Accountants, PCPS refers to the Private Companies Practice Section of the AICPA, and TSCPA refers to the Texas Society of Certified Public Accountants

responses were received from 2,808 firms who provided information regarding their last fiscal year, which for most respondents was December, 2007. Average billing rate information was provided on both a regional and national basis. The survey respondents represented firms comprised of sole practitioners, single-office firms or regional firms. The MAP Survey has been conducted on an annual basis for 5 years and addresses key metrics that firms rely on to gauge their performance and profitability. For purposes of the analysis, Deloitte & Touche used the average billing rates reported by accounting firms in the Midwest Region having net client fees of two million dollars or more per year. Such firms typically have lower billing rates than national or "Big 4" firms (i.e., Deloitte, PricewaterhouseCoopers, KPMG or Ernst & Young). Therefore the accounting services Market Rates used in the Study are lower than those of the larger firms (as confirmed by Supplemental Rates that will be discussed) and are therefore conservative for purposes of the Study.

According to the MAP Survey, average billing rates for accounting services range from 1.84 times for partners to 4.43 times for associates of the professional's hourly compensation. For example, using a 4.43 times multiplier, an associate making $20 per hour would have a billing rate of approximately $89 per hour. Professional services firms that establish hourly billing rates based on a multiple of employees' salaries, use a multiplier, which, when applied to the employee's hourly compensation, is intended to cover the employee's salary and benefits, a portion of overhead costs, and a profit for the owners of the firm.

The MAP Survey also identifies the types of accounting firm costs and overheads (e.g., salaries, employee benefits, professional dues and licenses, library costs, continuing education, insurance, rent and other company costs, interest, computer and technology, promotion and marketing, payroll taxes, phone and web connectivity, and depreciation) incurred in providing service to clients. In general, the hourly billing rates of professional services providers are set at a level to recover all expenses (i.e., fully-loaded) and earn a profit for the owners.

B. **Engineering Services**

Deloitte & Touche used the results of the ZweigWhite Information Services, LLC *2008 Fee & Billing Survey of Architecture, Engineering, Planning & Environmental Consulting Firms* ("ZweigWhite Survey") for developing the engineering services classifications. The purpose of the eleventh annual ZweigWhite Survey is to gather, analyze, and publish information on the fee and billing practices of engineering, architecture, planning and environmental consulting firms. Survey responses to an 83-item questionnaire were received from 102 firms regarding their 2007 operations and represents a diverse cross-section of the design and consulting industry. Of the respondents, 85% have standard billing rates for each position or status level. Firms that use a multiple of employees' salaries to determine billing rates use a median of 3.0 times the employee's hourly wage rate.

The majority of firms (67%) mark up reimbursable expenses using a standard median markup of 10%, although a quarter of the firms mark up reimbursables by 15%. Average billing rate information was provided on both a national and regional basis. For analysis purposes, Deloitte & Touche used the average billing rates reported in the ZweigWhite Survey by firms for the North Central region including Illinois, Ohio, Indiana, Iowa and Missouri).

C. **Information Technology Services**

Deloitte & Touche used the *2008 IT Salary Report* published by Computer Economics, Inc. ("Computer Economics Report") and the *2008 IT Market Compensation Study* published by Gartner, Inc. ("Gartner Study") for developing information applicable to technology services classifications. The Computer Economics Report draws on a survey of information technology managers based on actual salaries paid to their employees in 2007 as well as their estimates of projected pay raises for 2008. The Computer Economics Report provides base salary projections for 78 specific job titles in 78 metropolitan areas of the United States. Computer Economics has been publishing salary data since 1990. The Gartner Study, which has been conducted annually for the past ten years, provided compensation data based on survey responses from 283 enterprises effective as of March 1, 2008. The Gartner Study data was utilized for six AWWSC positions for which no corresponding market compensation information was provided by the Computer Economics Report.

Unlike the other market survey data obtained by Deloitte & Touche, the Computer Economics Report and the Gartner Study provide average salary information, rather than average billing rate information, by position or service classification. For this reason, Deloitte & Touche calculated an hourly compensation rate and applied a billing rate multiplier of 3.0 times to develop a Market Rate for the job titles listed in the Computer Economics Report and the Gartner Study. Use of a billing rate multiplier of 3.0 times to develop a Market Rate for the job titles listed in the Computer Economics Report and the Gartner Study is both appropriate and conservative, as the 3.0 times multiplier is within the range of the other multipliers listed in the market rate surveys (i.e., 1.84 times to 4.43 times for accountants and 3.0 times for engineers as previously discussed in the Accounting Services and Engineering Services sections above, and 5.0 times for management consultants as discussed in the Management Consulting Services section below).

For developing the calculated Market Rates for each job title, Deloitte & Touche used the Middle Atlantic (i.e., Philadelphia, Pennsylvania / Atlantic City, New Jersey Metropolitan Area) median salary information for large companies (i.e., annual revenues greater than $750 million) listed in the Computer Economics Report. For developing the calculated Market Rates for the six job titles matched to the Gartner Study, Deloitte & Touche used the Northeast Region salary information listed in the Gartner Study.

D. **Legal Services**

Deloitte & Touche used the results of the Incisive Legal Intelligence *2008 NLJ Billing Survey* ("NLJ Survey") of the 250 largest law firms in the United States based on number of lawyers for developing the legal services classifications. The National Law Journal ("NLJ") surveyed approximately 300 law firms to determine the largest firms. The NLJ's thirty-first annual survey contains billing information for 216 large law firms regarding their 2007 billing practices. The NLJ is a subsidiary of Incisive Legal Intelligence, an Incisive Media US Properties, LLC company. Of the 216 firms, 127 firms provided specific hourly billing rate information for partners and associates. Some of the 127 firms provided their average partner and associate billing rates. For those firms that did not provide an average hourly billing rate, but did report high and low hourly billing rates, Deloitte & Touche used the reported partner and associate high and low hourly billing rates to develop an average partner and associate billing rate for the market comparison.

The NLJ Survey provides partner and associate billing rate information for the law firms listed by name and location. Deloitte & Touche used the NLJ Survey Midwest firm information (i.e., law firms operating in the states of Illinois, Missouri, Michigan, and Ohio) for developing the Market Rates for comparison to the Service Company Rates.

E. **Management Consulting Services**

Deloitte & Touche used the results of the Association of Management Consulting Firms' ("AMCF") 2008 Edition of the *Operating Ratios for Management Consulting Firms: A Resource for Benchmarking* ("AMCF Survey") for the management consulting services classifications.

The twenty-second annual AMCF Survey is based on 2007 consulting industry results including industry billing rates and procedures and was compiled by Industry Insights, Inc. AMCF distributed questionnaires to all 31 AMCF members as well as to other U.S. management consulting firms. Requests to participate in the AMCF Survey were primarily targeted to larger volume consulting businesses rather than single practitioners. In all, 49 responses were received and included in the AMCF Survey data.

Among survey respondents, billing rates on an overall staff basis for 2007 were set at a multiplier of approximately 5.0 times employee earnings. In other words, if an employee effectively earns $50 per hour, a 5.0 times earnings multiplier for billing rate determination would translate into a billing rate of $250 per hour.

V. MARKET ANALYSIS

This section of the Study provides the results of the Deloitte & Touche Market Analysis comparing the cost of each service expected to be obtained from the Service Company during the test year that can be performed by an affiliate or

non-affiliate provider to the cost that would be incurred for the service if it were obtained from a non-affiliate provider through competitive bidding in the open market. The Market Analysis provides a reasonable estimate of the cost savings realized, or the excess costs incurred by IAWC from obtaining professional and managerial services through AWWSC as compared to the cost of obtaining the services from non-affiliate providers. As shown on Schedule 8, the expected test year net cost savings realized by IAWC from obtaining each category of service from the Service Company rather than through outside third-party service providers totals $7.692 million.

The test year savings expected to be realized by IAWC, as shown on Schedule 8, are effectively understated due to the fact that Service Company managerial and professional personnel are "exempt employees" and, as such, only report a maximum time worked of eight hours per day even though they may actually work more than an eight-hour day. Since outside third-party vendors typically charge for all time incurred associated with the services provided, had the market analysis comparison recognized the additional time worked by Service Company employees, the Service Company Rates used in the market analysis would have been lower and the expected test year savings to IAWC would be greater than $7.692 million.

A. **Accounting Services**

Schedules 1 through 1.2 show the Market Analysis of accounting services. Schedule 1 Column A shows the accounting professional classifications contained in the MAP Survey as used in the analysis. Columns B and C show respectively the Market Rates from the MAP Survey for all participant firms and for Midwest Region firms having net client fees of $2 million or more per year. The adjusted 2010 Market Rates resulting from application of the cost escalator, as shown on Schedule 6 to adjust the Market Rates from the MAP Survey to a 2010 level, are shown in Column D. Column E shows the time distribution for each professional classification as provided by the Service Company on Schedule 1.1. Column F of Schedule 1 shows the weighted average Market Rate by professional classification resulting from applying the time distributions to the adjusted 2010 MAP Survey Market Rates. The weighted average Market Rate from Schedule 1 is used on Schedule 8 for comparison to the AWWSC average internal rate per hour for accounting services as provided by the Service Company on Schedule 1.1.

The table at the bottom of Schedule 1 provides a comparison of the Service Company Rates by professional classification as provided by the Service Company on Schedule 1.1 to the MAP Survey adjusted 2010 Market Rates for accounting services as shown at the top of Schedule 1. Schedule 1 also quantifies the hourly rate difference between the Service Company Rate and the MAP Survey Market Rate for each professional classification and whether the Service Company Rate is above or below the Market Rate. As shown on

Schedule 8, the cost savings realized by IAWC for accounting-related services obtained through the Service Company is projected to be $1.773 million.

Schedule 1.2 contains Supplemental Rate information regarding hourly billing rates for a "Big 4" accounting firm from information provided by American Water. As shown on Schedule 1.2, the Supplemental Rates, as adjusted to 2010 test year levels, range from a low of $254 per hour for staff accountants to a high of $489 per hour for partners. The Supplemental Rates shown on Schedule 1.2 are substantially higher than the MAP Survey Market Rates shown at the bottom of Schedule 1. As previously stated in the Study, this is to be expected as the larger accounting firms typically have higher billing rates than smaller firms. Since the Study compares the Service Company Rates to the average MAP Survey Market Rates of smaller accounting firms, the projected level of cost savings realized by IAWC for accounting related services obtained through the Service Company of $1.773 million is a conservative estimate.

B. **Engineering Services**

Schedules 2 through 2.2 show the Market Analysis of engineering services. Schedule 2 Column A shows the engineering professional classifications contained in the ZweigWhite Survey. Columns B and C show respectively the Market Rates from the ZweigWhite Survey for all firms and for North Central Region firms. The adjusted 2010 Market Rates from application of the cost escalator, as shown on Schedule 6 to adjust the ZweigWhite Survey Market Rates to a 2010 level, are shown in Column D. Column E of Schedule 2 shows the time distribution for each professional classification as provided by the Service Company on Schedule 2.1. Column F of Schedule 2 shows the weighted average Market Rate by professional classification resulting from applying the time distributions to the adjusted 2010 ZweigWhite Survey Market Rates. The weighted average Market Rate from Schedule 2 is used on Schedule 8 for comparison to the AWWSC average internal rate per hour for engineering services as provided by the Service Company on Schedule 2.1.

The table at the bottom of Schedule 2 provides a comparison of the Service Company Rates by professional classification as provided by the Service Company on Schedule 2.1 to the ZweigWhite Survey adjusted 2010 Market Rates for engineering services as shown at the top of Schedule 2. Schedule 2 also quantifies the hourly rate difference between the Service Company Rate and the ZweigWhite Survey Market Rate for each professional classification and whether the Service Company Rate is above or below the Market Rate. As shown on Schedule 8 the cost savings realized by IAWC for engineering-related services obtained through the Service Company is projected to be $1.167 million.

Schedule 2.2 contains Supplemental Rate information regarding hourly billing rates for engineering firms that provide service to American Water. Schedule 2.2 was prepared from information provided by the Service Company for contracted services with eight outside engineering firms. As shown on Schedule 2.2, the

Supplemental Rates, as adjusted to 2010 test year levels, range from a low of $66 per hour for technicians to a high of $211 per hour for principals. The Market Rates adjusted to 2010 test year levels, as shown in Column D of Schedule 2, range from a low of $70 per hour for drafters to a high of $142 for department heads. The Supplemental Rate information supports the reasonableness of the Market Rates as a comparative measure for use in the Market Analysis.

C. **Information Technology Services**

Schedules 3 through 3.3 show the Market Analysis for information technology services. Schedule 3 Column A shows the information technology services professional classifications contained in the Computer Economics Report or the Gartner Study. Columns B and C show, respectively, the national and Middle Atlantic information technology services Market Rates as calculated from the Computer Economics Report, or the national and Northeast Region Market Rates as calculated from the Gartner Study, as shown on Schedule 3.2. The adjusted 2010 Market Rates from application of the cost escalator, as shown on Schedule 6 to adjust the Market Rates to a 2010 level, are shown in Column D. Column E of Schedule 3 shows the time distribution for each professional classification as provided by the Service Company on Schedule 3.1. Column F of Schedule 3 shows the weighted average Market Rate by professional classification resulting from applying the time distributions to the adjusted 2010 Computer Economics Report or the Gartner Study Market Rates. The weighted average Market Rate from Schedule 3 is used on Schedule 8 for comparison to the AWWSC average internal rate per hour for information technology services as provided by the Service Company on Schedule 3.1.

The table at the bottom of Schedule 3 provides a comparison of the Service Company Rates by professional classification as provided by the Service Company on Schedule 3.1 to the Market Rates from the Computer Economics Report or the Gartner Study as adjusted to reflect 2010 Market Rates for information technology services. Schedule 3 also quantifies the hourly rate difference between the Service Company Rate and the calculated Computer Economics Report or the Gartner Study Market Rate for each professional classification and whether the Service Company Rate is above or below the Market Rate. As shown on Schedule 8, the cost savings realized by IAWC for information technology services obtained through the Service Company is projected to be $1.468 million.

Schedule 3.3 contains Supplemental Rate information regarding hourly billing rates for information technology firms that provide service to American Water. Schedule 3.3 was prepared from information provided by the Service Company for contracted services with outside information technology services vendors. As shown on Schedule 3.3 the Supplemental Rates, as adjusted to 2010 test year levels, range from a low of $87 per hour for analysts to a high of $741 per hour for business sponsors. The Market Rates adjusted to 2010 test year levels as shown in Column C of Schedule 3 range from a low of $57 for a computer

operator to a high of $223 for a director of client services. The Supplemental Rate information supports the reasonableness of the Market Rates as a measure for use in the Market Analysis.

D. **Legal Services**

Schedules 4 through 4.4 show the Market Analysis of legal services. Schedule 4 Column A shows the legal professional classifications used in the Market Analysis. The partner and associate professional classifications are from the NLJ Survey. The paralegal classification was included for the analysis although paralegal information is not contained in the NLJ Survey. Including the paralegal classification was necessary since the Service Company employs several paralegals. Schedules 4.2 and 4.3 show the Midwest Region law firms from the NLJ Survey and the average Market Rates for the partner and associate professional classifications respectively. The billing rate for the paralegal classification is shown on Schedule 4.4 and is discussed below. The adjusted 2010 Market Rates resulting from application of the cost escalator, as shown on Schedule 6 to adjust the NLJ Survey partner and associate Market Rates as well as the paralegal billing rate are shown in Column C of Schedule 4. Column D shows the time distribution for each professional classification as provided by the Service Company on Schedule 4.1. Column E of Schedule 4 shows the weighted average Market Rate by professional classification resulting from applying the time distributions to the adjusted Market Rates shown in Column C. The weighted average Market Rate from Schedule 4 is used on Schedule 8 for comparison to the AWWSC average internal rate per hour for legal services as provided by the Service Company on Schedule 4.1.

The table at the bottom of Schedule 4 provides a comparison of the Service Company Rates by professional classification as provided by the Service Company on Schedule 4.1 to the adjusted 2010 Market Rates for legal services as shown at the top of Schedule 4. Schedule 4 also quantifies the hourly rate difference between the Service Company Rate and the Market Rate for each professional classification and whether the Service Company Rate is above or below the Market Rate. As shown on Schedule 8 the cost savings realized by IAWC for legal services obtained through the Service Company is projected to be $0.668 million.

Schedule 4.4 contains Supplemental Rate information for law firms that provide service to American Water. Schedule 4.4 was prepared from information provided by the Service Company for contracted services with eleven outside law firms. As shown on Schedule 4.4, the Supplemental Rates, as adjusted to 2010 test year levels, range from a low of $143 per hour for paralegals to a high of $534 per hour for partners. As shown on Schedule 4.4, paralegal billing rates range from $143 per hour to $193 per hour. Deloitte & Touche used the $143 per hour paralegal billing rate as the Market Rate to compare to the Service Company Rate for the paralegal classification. The Market Rates adjusted to 2010 test year levels as shown in Column C of Schedule 4 range from a low of

$143 for paralegals to a high of $435 for partners. The reasonableness of the Market Rates for use in the Market Analysis is supported by the Supplemental Rate information.

E. **Management Consulting Services**

Schedules 5 through 5.2 show the Market Analysis of management consulting services. Schedule 5 Column A shows the management consulting professional classifications contained in the AMCF Survey as used in the analysis. Column B shows the Market Rates from the AMCF Survey. The adjusted 2010 Market Rates resulting from application of the cost escalator, as shown on Schedule 6 to adjust the AMCF Survey Market Rates to a 2010 level, are shown in Column C. Column D shows the time distribution for each professional classification as provided by the Service Company on Schedule 5.1. Column E of Schedule 5 shows the weighted average Market rate by professional classification resulting from applying the time distributions to the adjusted 2010 AMCF Survey Market Rates. The weighted average Market Rate from Schedule 5 is used on Schedule 8 for comparison to the AWWSC average internal rate per hour for management consulting services as provided by the Service Company on Schedule 5.1.

The table at the bottom of Schedule 5 provides a comparison of the Service Company Rates by professional classification as provided by the Service Company on Schedule 5.1 to the AMCF Survey adjusted 2010 Market Rates for management consulting services as shown at the top of Schedule 5. Schedule 5 also quantifies the hourly rate difference between the Service Company Rate and the AMCF Survey Market Rate for each professional classification and whether the Service Company Rate is above or below the Market Rate. As shown on Schedule 8 the cost savings realized by IAWC for management consulting services obtained through the Service Company is projected to be $2.616 million.

Schedule 5.2 contains Supplemental Rate information regarding hourly billing rates for management consulting firms that provide service to American Water. Schedule 5.2 was prepared from information provided by the Service Company for contracted services with outside consulting firms. As shown on Schedule 5.2, the Supplemental Rates, as adjusted to 2010 test year levels, range from a low of $81 per hour for technicians to a high of $763 per hour for principals. The Market Rates adjusted to 2010 test year levels as shown in Column C of Schedule 5 range from a low of $137 for research associates to a high of $301 for junior partners. The Supplemental Rate information supports the reasonableness of the Market Rates for use in the Market Analysis.

VI. CUSTOMER ACCOUNTS ANALYSIS

As discussed in Section IV of the Study, Deloitte & Touche performed a Customer Accounts Analysis of the 2007 customer accounts expenses of 13 electric utilities operating in the states of Illinois, Indiana, Iowa, Missouri, and Ohio. For electric and combination utilities, customer accounts expenses are

recorded to specific accounts as defined in the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts.[5] The utilities file annual financial reports with the FERC[6] which contain customer accounts information which can be used to compare to IAWC's customer service related costs.

The Customer Accounts Analysis is based on 2007 FERC Form 1 amounts reported for Accounts 901, 903 and 905, as well as computations of employee benefits and payroll taxes associated with customer accounts activities recorded to FERC Accounts 926 and 402, respectively. The Customer Accounts Analysis computes a 2007 customer accounts "expense per customer" for the 13 utilities which was escalated to a 2010 level for comparison to IAWC's 2010 test year customer service expense per customer.

The 13 utilities included in the Customer Accounts Analysis as shown on Schedule 7 include:

Iowa:
- Interstate Power and Light Company
- MidAmerican Energy Company

Illinois:
- Central Illinois Light Company (Ameren-CILCO)
- Central Illinois Public Service Company (Ameren-CIPS)
- Commonwealth Edison
- Illinois Power Company (Ameren-IP)

Indiana:
- Duke Energy Indiana
- Indiana Michigan Power Company

Missouri:
- The Empire District Electric Company
- Kansas City Power & Light Company
- Union Electric Company (Ameren UE)

Ohio:
- Duke Energy Ohio
- Ohio Power Company

The following provides a brief discussion of the FERC accounts for reporting costs associated with customer accounts activities. The complete account

[5] 18 CFR Part 101

[6] *FERC Financial Report FERC Form No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report*

descriptions and types of expenses recorded to FERC accounts 901, 903 and 905 are provided in Appendix 1 of the Study.

Account 901 – Supervision – this account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to Account 902, Meter Reading Expenses, or Account 903, Customer Records and Collection Expenses.

Because the general supervision expenses recorded to Account 901 relate to both Accounts 902 and 903, a portion of the total Account 901 expense amount related to Account 903 was included in the Customer Accounts Analysis.

Account 903 – Customer Records and Collection Expenses – this account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Account 905 – Miscellaneous Customer Accounts Expenses – this account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

The types of electric utility customer accounts activities whose costs are recorded to Accounts 903 and 905 include but are not limited to:

- Customer account inquiries,
- Customer order processing,
- Verifying billing with contracts or rate schedules,
- Customer bill preparation and mailing,
- Collections,
- Payment processing,
- Receiving, refunding, or applying customer deposits, and
- Correspondence processing.

Utility employee labor is charged to Accounts 901, 903, or 905, however, employee pension and benefit expenses as well as payroll tax expenses are recorded to Account 926 – Employee Pensions and Benefits and Account 408 – Taxes Other Than Income Taxes, Other Income and Deductions respectively. To properly compare the customer accounts expenses incurred by the utilities to those incurred by IAWC, calculated amounts of pension and benefits and payroll tax expense were included in the Customer Accounts Analysis as shown on Schedule 7.

The 2007 customer accounts expense per customer for the utilities shown on Schedule 7 were escalated to a 2010 level using the CPI cost escalator as previously discussed in the Study for comparison to IAWC's 2010 test year

forecasted customer service cost per customer. IAWC's 2010 test year forecasted customer service costs were prepared by IAWC and are shown on Schedule 7.1.

The IAWC forecasted 2010 test year customer service expense expected to be incurred for customer service activities performed by AWWSC, Regional Offices, and IAWC is $7.286 million as shown on Schedule 7.1. IAWC's forecasted 2010 test year customer services expense per customer is $23.33 as shown on Schedule 7.1.

The results of the Deloitte & Touche Customer Accounts Analysis are summarized on Schedule 7.2. As shown on Schedule 7.2, the customer accounts expense per customer for the 13 utilities range from $16.75 to $41.38 with a group average cost per customer of $33.98. IAWC's forecasted test year 2010 customer service expense per customer is $23.33 per customer as shown on Schedule 7.1. IAWC's customer service expense per customer is below the average expense per customer of the utility group included in the analysis.

VII. STUDY CONCLUSIONS

The provision of services to IAWC through the Service Company results in significant cost benefits to IAWC. Based on the Market Analysis, and as shown on Schedule 8, the cost savings expected to be realized by IAWC from obtaining services through the Service Company during the forecast period when compared to the costs of acquiring such services in the open market from third-party service providers amount to $ 7.692 million. The net savings expected to be realized by IAWC results from the Service Company's ability to provide services at a cost which is lower than the market cost of such services. As mentioned previously in the Study, had the Market Analysis recognized the fact that Service Company managerial and professional employees actually work more time than the maximum reportable time of eight hours per day, the expected net savings of $7.692 million would be larger.

The results of the Customer Accounts Analysis show that IAWC's forecasted 2010 test year customer service expense compares favorably with the customer accounts expenses reported by the group of utilities. The customer accounts expense per customer for the utilities ranges from $16.75 to $41.38. IAWC's test year customer service expense per customer of $23.33 is below the $33.98 average expense per customer of the other utilities included in the comparison.

VIII. PROFESSIONAL STANDARDS

The services provided by Deloitte & Touche for this Study were performed under the Standards for Consulting Services of the American Institute of Certified Public Accountants ("AICPA"). Consulting services differ fundamentally from attestation services provided in an attestation engagement. Consulting services may include consultations, advisory services such as this Study, implementation services, transaction services, staff and other support services, and product services. However, consulting services exclude services subject to other AICPA Technical Standards, such as Statements on Auditing Standards, Statements on Standards for Attestation Engagements, or Statements on Standards for Accounting and Review Services.

Illinois-American Water Company
FERC Account Descriptions

901 – Supervision (Major only).
This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

903 – Customer Records and Collection Expenses.
This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.
Labor
1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter-reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting service because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but

Illinois-American Water Company
FERC Account Descriptions

excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.

18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and Expenses

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses (Major only), including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services removals, etc.
30. Rent of mechanical equipment.
31. Communication service (Nonmajor only).

905 – Miscellaneous Customer Accounts Expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

Labor

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and Expenses

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

ILLINOIS COMMERCE COMMISSION

IAWC EXHIBIT 11.00

DIRECT TESTIMONY OF
MARK R. YOUNG

ILLINOIS-AMERICAN WATER COMPANY

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DIRECT TESTIMONY OF MARK R. YOUNG **IAWC EXHIBIT 11.00**

I. WITNESS INTRODUCTION

Q1. Please state your name and business address.

A. My name is Mark R. Young. My business address is 400 W.15th Street, Suite 1700, Austin, Texas 78701.

Q2. By whom and in what capacity are you employed?

A. I am a Director in the Energy & Resources Practice of the Regulatory & Capital Markets Consulting Practice of Deloitte & Touche LLP ("Deloitte & Touche").

Q3. Please describe your educational background and professional affiliations.

A. I received a Bachelor of Business Administration degree in accounting from Texas State University. I am a certified public accountant licensed in the state of Texas and a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

Q4. Please summarize your professional work experience.

A. I have been associated with the regulated utilities industry for over 25 years. For the past 17 years, I have provided regulatory consulting services to electric, gas, telecommunications, and cable television industry clients. My consulting responsibilities include regulatory accounting, revenue requirements development, and rate case and litigation support. I have completed numerous regulatory engagements related to shared service organizations, affiliate transactions, cost allocations, codes of conduct and transfer pricing.

I served as the Utilities Accounting Manager of a municipality and was responsible for the accounting and financial reporting of the municipally-owned electric and water/wastewater utilities. In addition, I served as the Manager of Electric Accounting of the Public Utility Commission of Texas ("PUCT") where I managed the PUCT Electric Division accounting Staff and was responsible for Staff's revenue requirements recommendations and testimony. Prior to my employment with the PUCT, I served as an internal auditor for a public power entity.

I serve as a contributing author of Accounting for Public Utilities (LexisNexis) and have served as a member of the Natural Gas, Telecommunications and Electric Industries Committee of the Texas Society of Certified Public Accountants. I have conducted several ratemaking training seminars for energy industry clients.

Q5. Have you previously testified before a regulatory body?

A. Yes, I have testified in various types of rate proceedings before the Public Utility Commission of Texas. A listing of the regulatory proceedings in which I have testified are shown in attached Appendix A which includes a complete copy of my resume.

II. PURPOSE OF TESTIMONY

Q6. What is the purpose of your testimony?

A. Deloitte & Touche was engaged by Illinois-American Water Company ("IAWC") to conduct a Service Company Cost Study ("Study") comparing the cost of certain services expected to be obtained by IAWC from

American Water Works Service Company, Inc. ("AWWSC" or "Service Company") to the cost that would be incurred if such services were obtained in the open market.

The purpose of my Direct Testimony is to discuss the Study performed by Deloitte & Touche, which is marked as IAWC Exhibit 11.01, and which I am sponsoring jointly with Mr. Bernard L. Uffelman. I directed the work of Deloitte & Touche, which engaged Mr. Uffelman to assist in the preparation of the Study.

Q7. Please discuss the Study.

A. As discussed in the Direct Testimony of Mr. Uffelman, the Study was prepared in connection with IAWC's response to the Illinois Commerce Commission's Order of July 30, 2008 in Docket 07-0507. As explained in the Study and by Mr. Uffelman, the Study provides the required market comparisons for services that IAWC can effectively outsource to either an affiliate or non-affiliate provider. The Study shows that in procuring services through the Service Company, IAWC realizes a significant level of projected savings. For 2010, the projected savings are $7.692 million. As Mr. Uffelman explains, the Study also provides an analysis of IAWC's customer service-related costs ("Customer Accounts Analysis") which supports the Self Provision Analysis sponsored by IAWC Witness Ms. Karla O. Teasley.

Q.8 Does this conclude your Direct Testimony?

A. Yes, it does.

Appendix A

Deloitte.

Deloitte & Touche LLP

Mark R. Young

Director
Regulatory & Capital Markets Consulting
Energy & Resources
Deloitte & Touche LLP
Austin, Texas
(512) 691-2303
myoung@deloitte.com

Professional Experience

Mr. Young is a Director in the Regulatory & Capital Markets Consulting Practice of Deloitte & Touche LLP. Mr. Young has over twenty-five years of experience in the regulated utilities industry having served as both an employee of a public power electric utility as well as a state public utility commission staff member. Mark served as the Electric Accounting Manager for the Public Utility Commission of Texas (PUCT) and was responsible for the Electric Division staffs revenue requirement recommendations and testimony. Mr. Young's utility consulting responsibilities include regulatory accounting, revenue requirements development, rate case/litigation support, financial/business planning, and regulatory services.

Major Projects

- Performed regulatory due diligence on potential water utility acquisition targets on behalf of a potential foreign water utility acquirer.

- Performed multiple analyses of service company and nuclear service company affiliate costs charged to regulated and non-regulated subsidiaries in three contested state regulatory proceedings. These engagements involved:
  - Independent analysis of the internal controls, procedures and accounting process used to bill service company and nuclear service company (shared services) costs to regulated and non-regulated subsidiaries
  - Detailed affiliate transaction testing and analysis service company and nuclear service company costs accumulated and billed to its regulated and non-regulated subsidiaries through its work order system

  - Detailed review of all service company agreements between the service companies and regulated and non-regulated subsidiaries
  - Detailed review of transfer pricing methodologies and issues in relation to Securities and Exchange Commission (SEC), Federal Energy Regulatory Commission (FERC), and Public Utility Commission of Texas (PUCT) cost allocation and affiliate transaction rules and regulations

- Performed a class cost of service study for a large U.S. gas distribution utility

- Managed multiple engagement teams performing Sarbanes-Oxley Section 404 compliance testing related to the internal controls of a large global advertising and marketing conglomerate

- Managed multiple engagement teams performing financial restatement validation procedures for a large global advertising and marketing conglomerate

- Engaged by a large western U.S. investor-owned energy utility to perform a analysis of shared service activities and costs charged to regulated and non-regulated subsidiaries and to determine whether such activities and costs comply with the California Public Utilities Commission (CPUC) affiliate cost rules referenced in R.97-04-011 and I.97-04-012. This project involved:
  - Analysis of shared service activities and documenting how such activities were initiated
  - Evaluation of internal controls related to authorization of charges for shared services and cost accumulation
  - Analysis of transfer pricing policies and procedures and whether such policies and procedures were in compliance with the CPUC affiliate transaction regulations
  - Analysis of the costing methodologies (transfer pricing) used to charge regulated and non-regulated subsidiaries for shared service activities

- Participated in a multi-functional risk control infrastructure assessment of an energy trading and marketing affiliate of a U.S. investor-owned utility

- Managed a review of the wholesale fuel and purchased power adjustment clause protocols for a U.S. investor-owned utility

- Assisted a major investor-owned electric utility and a public power utility in unbundling balance sheets as part of information systems implementation and restructuring of the electric utility industry

- Assisted a large Regional Bell Operating Company (RBOC) in responding to a California Public Utilities Commission (CPUC) mandated regulatory audit. Regulatory assistance included preparation of direct testimony sponsored by the RBOC regarding certain regulatory audit findings and recommendations related to the RBOC's affiliate transactions, shared service organizations and other affiliate transaction issues.

- Conducted a cost allocation study and report for a large multi-state gas transmission and distribution utility. The cost allocation study focused on shared service cost allocations from parent company to regulated and non-regulated affiliates.

- Prepared lead-lag studies and testimony to support the cash working capital requirements for several U.S. investor-owned electric and gas utilities

- Managed a review and assessment of accounting processes and information technology systems related to electric industry restructuring for a municipally-owned utility

- Managed the development of cost of service models for two Federal Energy Regulatory Commission §35.13 regulatory filings for California reliability must-run (RMR) units for a major investor-owned electric utility

- Managed the review of internal controls to prevent customer "slamming" for a large long-distance reseller and assisted company in obtaining operating license to provide local service in the state of Texas

- Managed a review of cost allocations and research and development charges by a regional Bell operating company from its corporate headquarters function and subsidiaries to state telephone operations

- Managed and completed customer late fee analyses and reports for large cable system operators. Such analyses comprise approximately 26 separate cable systems

- Performed independent reviews of cable television operators' Federal Communications Commission (FCC) Form 393 filings under the Cable Television Consumer Protection and Competition Act of 1992. Such filings included FCC Forms 393, 1200, 1205, 1210, 1220, and 1235 and 1240.

- Prepared and defended cable television benchmark and equipment regulatory filings before the FCC and local municipalities

- Developed cost of service computer model for cable television operators to evaluate the effects of regulation under the Cable Television Consumer Protection and Competition Act of 1992

- Prepared and defended cable television cost of service filings before the FCC

- Conducted survey of federal income tax practices in regulation on behalf of large investor-owned electric utility

- Participated in the independent review of the outside collection function of a multi-state gas distribution company

- Managed the accounting staff of the Electric Division of the Public Utility Commission of Texas. Directed the commission staff's review of electric rate filing packages. Managed preparation of electric accounting staff's recommendations and testimony in the areas of accounting, federal income tax, deferred accounting, and other regulatory issues.

- Presented testimony as a commission staff witness in numerous electric, telecommunication, and water utility rate proceedings and other dockets

- Testified to deferred accounting treatment for utility plant costs until such time as the generating units are recognized and included in rates

- Analyzed and testified to the cost of service and rate base components for a fuel affiliate of a major electric utility

- Managed the utilities accounting staff of the Controllers' office in a municipality. Prepared and presented financial statements for a municipally owned electric and water, and wastewater utilities to city management and council

- Managed the accounting implementation of Statement of Financial Accounting Standards No. 71 "Accounting for the Effects of Certain Types of Regulation" for electric, water, and wastewater utilities owned by a municipality

- Prepared and presented official statements related to municipal utility revenue bond debt issuances

- Conducted internal audit of construction costs related to a coal fired generating station for a public power utility

Mr. Young has completed regulatory consulting engagements to a number of regulated entities including but not limited to:

- American Water Works Company
- Cablevision Systems Corporation
- Entergy Corporation
- Interpublic Group of Companies, Inc.
- PG&E Corporation
- Sierra Pacific Resources
- TXU Corporation
- Xcel Energy, Inc.

Certifications & Memberships

- Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

- Prior member of the Texas Society of Certified Public Accountants Natural Gas, Telecommunications, and Electric Industries Conference Committee.

- Completed the Advanced Regulatory Studies Program sponsored by Michigan State University and the National Association of Regulatory Utility Commissioners.

Education

- Bachelor of Business Administration in Accounting - Texas State University

Presentations

- *Ratemaking Overview,* Sierra Pacific Power Company and Nevada Power Company, Las Vegas and Reno, Nevada, June 26-27, 2001

- *Ratemaking for Public Utilities,* Consolidated Edison of New York, New York City, New York, December 17-19, 2001

Publications

- Contributing author for *Accounting for Public Utilities* published by LexisNexis

Testimony

Texas – Public Utility Commission of Texas

- PUCT Docket No. 7460, Application of El Paso Electric Company for Authority to Change Rates
- PUCT Docket No. 7375, Application of Houston Lighting and Power Company for Approval of Interim Accounting Treatment for Limestone Unit 2
- PUCT Docket No. 7289, Petition of West Texas Utilities Company for Deferred Accounting Treatment of Certain Oklaunion Related Costs
- PUCT Docket No. 6766, Petition of Houston Lighting and Power Company for Approval of Proposed Interim Accounting Treatment for Limestone Unit 1
- PUCT Docket No. 6765, Petition of Houston Lighting and Power Company for Authority to Change Rates
- PUCT Docket No. 6375, Application of Central Power and Light Company for a System Wide Rate Increase
- PUCT Docket No. 6200, Petition of Southwestern Bell Telephone Company for Authority to Change Rates
- PUCT Docket No. 5610, Application of General Telephone Company of the Southwest for Authority to Change Rates
- PUCT Docket No. 5351, Application of San Miguel Electric Cooperative, Inc. for a Rate Increase
- PUCT Docket No. 5272, Application of Comanche County Electric Cooperative, Inc. for Authority to Change Rates
- PUCT Docket No. 5113, Petition of the Public Utility Commission of Texas for an Inquiry Concerning the Effects of the Modified Final Judgment and the Access Charge Order upon Southwestern Bell Telephone Company and the Independent Telephone Companies of Texas
- PUCT Docket No. 5108, Application of Gulf States Utilities Company for Commission Order Concerning the Disposition of Settlement Funds
- PUCT Docket No. 4862, Application of Kerrville South Water Company, Inc. for a Rate/Tariff Change
- PUCT Docket No. 4764, Application of Consumer's Water, Inc. for a Rate Increase within Harris and Montgomery Counties

70 **A.**

Illinois-American Water Company
Market Analysis - Accounting Services

Line No.	Professional Classification [a]	Market Rate: National [a] [2]	Market Rate: Midwest Firms [a] [1]	Adjusted to 2010 Rate [b]	Time Distribution by Professional Classification [c]	Weighted Average Market Rate [d]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Partners	$ 240	$ 208	$ 220	2%	$ 3
2	Directors	193	171	181	7%	13
3	Managers	156	137	145	35%	51
4	Senior Associates	121	109	115	26%	30
5	Associates	95	89	94	30%	29
6	**Total**				**100%**	**$ 126**

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [c]	Rate: Market [e]	AWWSC Rate Above/(Below) Market Rate [f]
	(A)	(B)	(C)	(D)
7	Partners	$ 217	$ 220	$ (3)
8	Directors	149	181	(32)
9	Managers	100	145	(45)
10	Senior Associates	74	115	(41)
11	Associates	63	94	(31)

Source
[a] 2008 AICPA PCPS/TSCPA National MAP Survey
[b] Column C x 1.0571 (Schedule 6, Line 11)
[c] Schedule 1.1
[d] Column D x Column E = Column F
[e] Schedule 1, Column D Above
[f] Column B - Column C

Footnote
[1] Midwest Region firms having net client fees of $2 million or more per year
[2] National refers to all participant firms having net client fees of $2 million or more per year

Illinois-American Water Company
Market Analysis - Accounting Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Associate Hours	Associate Amount	Director Hours	Director Amount	Manager Hours	Manager Amount	Partner Hours	Partner Amount	Senior Associate Hours	Senior Associate Amount	Accounting Services Total Hours	Accounting Services Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
1	CENTRAL	Finance	2,317	$ 121,266	1,158	$ 147,580	8,688	$ 828,219	579	$ 124,666	4,634	$ 308,691	17,377	$ 1,530,422
2		Subtotal	2,317	$ 121,266	1,158	$ 147,580	8,688	$ 828,219	579	$ 124,666	4,634	$ 308,691	17,377	$ 1,530,422
3	CORP	Finance	321	$ 19,034	308	$ 47,874	3,233	$ 331,748			1,108	$ 82,507	4,970	$ 481,162
4		Regulated Operations			158	$ 35,582							158	$ 35,582
5		Other			323	$ 45,172	647	$ 70,304			323	$ 28,400	1,293	$ 143,877
6		Subtotal	321	$ 19,034	789	$ 128,628	3,880	$ 402,052	-	$ -	1,432	$ 110,907	6,421	$ 660,621
7	SSC	Finance	9,357	$ 547,694	1,374	$ 218,706	3,065	$ 319,059	156	$ 34,585	6,040	$ 480,745	19,992	$ 1,600,789
8		Human Resources	2,142	$ 208,806			714	$ 88,565					2,856	$ 297,371
9		Subtotal	11,499	$ 756,500	1,374	$ 218,706	3,779	$ 407,623	156	$ 34,585	6,040	$ 480,745	22,848	$ 1,898,160
10		**Total**	**14,136**	**$ 896,800**	**3,321**	**$ 494,914**	**16,348**	**$ 1,637,894**	**735**	**$ 159,251**	**12,105**	**$ 900,343**	**46,645**	**$ 4,089,202**
11		**Time Distribution**	30.31%		7.12%		35.05%		1.58%		25.95%		100.00%	
12		**Average Rate per Hour**		$ 63		$ 149		$ 100		$ 217		$ 74		$ 88

Footnote
[1] Schedule 1.1 prepared by Service Company

Illinois-American Water Company
Market Analysis - Accounting Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)		(C)	(D)		(E)
1	Firm #1 (2007)	**Partner/Director**	[a] **$**	**480**	**1.01802**	**[b] $**	**489**
2		Senior Manager	[a] $	380	1.01802	[b] $	387
3		Manager	[a] $	350	1.01802	[b] $	356
4		Staff	[a] $	280	1.01802	[b] $	285
5	Firm #1 (2009)	Partner/Principal/Director	[a] $	425	1.01700	[c] $	432
6		**Consultant/Senior Consultant**	[a] **$**	**250**	**1.01700**	**[c] $**	**254**
7		Subcontractor	[a] $	275	1.01700	[c] $	280

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 10

Illinois-American Water Company
Market Analysis - Engineering Services

Line No.	Professional Classification [a]	Market Rate: All Firms [a]	Market Rate: North Central Region [a]	Adjusted to 2010 Rate [b]	Time Distribution by Professional Classification [c]	Weighted Average Market Rate [d]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Drafters	$ 71	$ 66	$ 70	0%	$ -
2	Designers	93	89	94	1%	1
3	CADD technicians	76	72	76	4%	3
4	Civil engineers	97	85	90	3%	3
5	Senior civil engineers	126	116	123	11%	13
6	Electrical engineers	94	89	94	2%	2
7	Planners	98	107	113	13%	15
8	Scientists	84	83	88	11%	10
9	Senior scientists [1]	127	127	134	8%	11
10	Project managers	128	123	130	14%	18
11	Department heads	143	134	142	8%	12
12	Associate	143	124	131	1%	2
13	Mechanical Engineer	95	92	97	18%	17
14	Senior Mechanical Engineer	128	124	131	2%	2
15	Senior Electrical Engineer	124	122	129	3%	4
16	**Total**				100%	$ 113

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [c]	Rate: Market [e]	AWWSC Rate Above/(Below) Market Rate [f]
	(A)	(B)	(C)	(D)
17	Drafters	$ 52	$ 70	$ (18)
18	Designers	77	94	(17)
19	CADD technicians	67	76	(9)
20	Civil engineers	78	90	(12)
21	Senior civil engineers	98	123	(24)
22	Electrical engineers	70	94	(24)
23	Planners	67	113	(46)
24	Scientists	66	88	(22)
25	Senior scientists	85	134	(50)
26	Project managers	101	130	(29)
27	Department heads	126	142	(16)
28	Associate	158	131	27
29	Mechanical Engineer	57	97	(41)
30	Senior Mechanical Engineer	97	131	(34)
31	Senior Electrical Engineer	90	129	(39)

Source
[a] 2008 ZweigWhite Fee & Billing Survey of Architecture, Engineering, Planning & Environmental Consulting Firms
[b] Column C x 1.0571 (Schedule 6, Line 11)
[c] Schedule 2.1
[d] Column D x Column E = Column F
[e] Schedule 2, Column D Above
[f] Column B - Column C

Footnote
[1] Regional information was unavailable, therefore, the all firms billing rate was used for the North Central region.

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	CADD Technician Hours	CADD Technician Amount	Civil Engineer Hours	Civil Engineer Amount	Department Head Hours	Department Head Amount	Designer Hours	Designer Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	BELLEVILLE LAB	Water Quality					364	$ 38,067		
2		Subtotal	-	-	-	-	364	$ 38,067	-	$ -
3	CENTRAL	Engineering	787	$ 55,899	393	$ 33,321	393	$ 45,470		
4		Operations	609	$ 37,129			1,214	$ 156,128		
5		Supply Chain								
6		Water Quality					172	$ 18,338		
7		Subtotal	1,396	$ 93,028	393	$ 33,321	1,780	$ 219,936	-	$ -
8	CORP	Engineering			817	$ 61,183	491	$ 70,499	431	$ 33,299
9		Operations					187	$ 34,871		
10		Supply Chain								
11		Water Quality					306	$ 29,673		
12		Subtotal	-	$ -	817	$ 61,183	985	$ 135,044	431	$ 33,299
13		**Total**	**1,396**	**$ 93,028**	**1,210**	**$ 94,504**	**3,129**	**$ 393,047**	**431**	**$ 33,299**
14		**Time Distribution**	**4%**		**3%**		**8%**		**1%**	
15		**Average Rate per Hour**		**$ 67**		**$ 78**		**$ 126**		**$ 77**

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Drafter Hours	Drafter Amount	Electrical Engineer Hours	Electrical Engineer Amount	Planner Hours	Planner Amount	Project Manager Hours	Project Manager Amount
	(A)	(B)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
1	BELLEVILLE LAB	Water Quality								
2		Subtotal	-	$ -	-	$ -	-	$ -	-	$ -
3	CENTRAL	Engineering							393	$ 47,862
4		Operations			609	$ 42,440	870	$ 64,254	609	$ 49,250
5		Supply Chain					476	$ 26,371	476	$ 50,509
6		Water Quality								
7		Subtotal	-	$ -	609	$ 42,440	1,346	$ 90,625	1,479	$ 147,621
8	CORP	Engineering	161	$ 8,295			434	$ 30,575	643	$ 67,886
9		Operations					679	$ 46,147	1,072	$ 125,584
10		Supply Chain					2,577	$ 168,630	2,062	$ 192,010
11		Water Quality								
12		Subtotal	161	$ 8,295	-	$ -	3,690	$ 245,352	3,777	$ 385,481
13		**Total**	**161**	**$ 8,295**	**609**	**$ 42,440**	**5,036**	**$ 335,977**	**5,255**	**$ 533,101**
14		**Time Distribution**	**0%**		**2%**		**13%**		**14%**	
15		**Average Rate per Hour**		**$ 52**		**$ 70**		**$ 67**		**$ 101**

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Scientist Hours	Scientist Amount	Senior Civil Engineer Hours	Senior Civil Engineer Amount	Senior Scientist Hours	Senior Scientist Amount	Associate Hours	Associate Amount
	(A)	(B)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	(Z)
1	BELLEVILLE LAB	Water Quality	3,637	$ 257,465			909	$ 81,301	182	$ 30,122
2		Subtotal	3,637	$ 257,465	-	$ -	909	$ 81,301	182	$ 30,122
3	CENTRAL	Engineering			787	$ 73,622				
4		Operations			325	$ 33,025	870	$ 93,402		
5		Supply Chain								
6		Water Quality								
7		Subtotal	-	$ -	1,112	$ 106,646	870	$ 93,402	-	$ -
8	CORP	Engineering			2,686	$ 268,154				
9		Operations							172	$ 26,338
10		Supply Chain							172	$ 26,730
11		Water Quality	613	$ 23,768	306	$ 28,468	1,226	$ 79,603		
12		Subtotal	613	$ 23,768	2,993	$ 296,622	1,226	$ 79,603	344	$ 53,068
13		**Total**	**4,250**	**$ 281,233**	**4,105**	**$ 403,268**	**3,005**	**$ 254,306**	**526**	**$ 83,189**
14		**Time Distribution**	**11%**		**11%**		**8%**		**1%**	
15		**Average Rate per Hour**		**$ 66**		**$ 98**		**$ 85**		**$ 158**

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Mechanical Engineer Hours	Mechanical Engineer Amount	Senior Mechanical Engineer Hours	Senior Mechanical Engineer Amount	Senior Electrical Engineer Hours	Senior Electrical Engineer Amount	Engineering Services Total Hours	Engineering Services Total Amount
	(A)	(B)	(AA)	(AB)	(AC)	(AD)	(AE)	(AF)	(AG)	(AH)
1	BELLEVILLE LAB	Water Quality							5,092	$ 406,954
2		Subtotal	-	$ -	-	$ -	-	$ -	5,092	$ 406,954
3	CENTRAL	Engineering							2,754	$ 256,173
4		Operations	6,700	$ 380,149	609	$ 59,001	1,218	$ 109,165	13,633	$ 1,023,943
5		Supply Chain							952	$ 76,880
6		Water Quality							172	$ 18,338
7		Subtotal	6,700	$ 380,149	609	$ 59,001	1,218	$ 109,165	17,512	$ 1,375,335
8	CORP	Engineering							5,663	$ 539,891
9		Operations							2,111	$ 232,941
10		Supply Chain							4,810	$ 387,370
11		Water Quality							2,452	$ 161,512
12		Subtotal	-	$ -	-	$ -	-	$ -	15,036	$ 1,321,714
13		**Total**	**6,700**	**$ 380,149**	**609**	**$ 59,001**	**1,218**	**$ 109,165**	**37,640**	**$ 3,104,003**
14		**Time Distribution**	**18%**		**2%**		**3%**		**100%**	
15		**Average Rate per Hour**		**$ 57**		**$ 97**		**$ 90**		**$ 82**

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)		(C)	(D)		(E)
1	Firm #1	Engineer I/II	[a]	$84	1.01802	[b]	$86
2		Engineer III	[a]	$98	1.01802	[b]	$100
3		Engineer IV	[a]	$118	1.01802	[b]	$120
4		Engineer V	[a]	$134	1.01802	[b]	$136
5		Engineer VI	[a]	$162	1.01802	[b]	$165
6		Engineer VII	[a]	$169	1.01802	[b]	$172
7		Engineer VIII	[a]	$174	1.01802	[b]	$177
8		Project Manager	[a]	$160	1.01802	[b]	$163
9		Senior Technician	[a]	$96	1.01802	[b]	$98
10		Mid-Level Technician	[a]	$82	1.01802	[b]	$83
11		**Technician**	[a]	**$65**	**1.01802**	[b]	**$66**
12		Pipeline Inspector	[a]	$82	1.01802	[b]	$83
13		Principal/Executive	[a]	$185	1.01802	[b]	$188
14		Schedule Engineer	[a]	$98	1.01802	[b]	$100
15		Cost Engineer	[a]	$118	1.01802	[b]	$120
16		Senior Process Specialist	[a]	$192	1.01802	[b]	$195
17		Process Specialist	[a]	$177	1.01802	[b]	$180
18	Firm #2	Field Service Technician Work	[a]	$110	1.01802	[b]	$112
19		Project Design & RTU/PLC Configuration	[a]	$125	1.01802	[b]	$127
20		Engineering & Project Management	[a]	$125	1.01802	[b]	$127
21		SCADA HMI Programming	[a]	$125	1.01802	[b]	$127
22	Firm #3	Drafting	[a]	$75	1.01802	[b]	$76
23		Control Technician	[a]	$85	1.01802	[b]	$87
24		Systems/Computer Programmer	[a]	$95	1.01802	[b]	$97
25		Project Engineer	[a]	$105	1.01802	[b]	$107
26		Computer Software Engineer	[a]	$105	1.01802	[b]	$107
27		Senior Engineer/Specialist	[a]	$125	1.01802	[b]	$127
28		Project Manager	[a]	$165	1.01802	[b]	$168
29	Firm #4	Service Technician	[a]	$105	1.05710	[c]	$111
30		Project Design & RTU/PLC Configuration	[a]	$110	1.05710	[c]	$116
31		Panel Building	[a]	$95	1.05710	[c]	$100
32		Engineering & Project Management	[a]	$125	1.05710	[c]	$132
33	Firm #5	Senior Project Manager	[a]	$130	1.05710	[c]	$137
34		Engineer	[a]	$85	1.05710	[c]	$90
35		Senior Engineer	[a]	$90	1.05710	[c]	$95
36		Project Engineer	[a]	$115	1.05710	[c]	$122
37		Technician/CADD	[a]	$70	1.05710	[c]	$74
38	Firm #6	**Principal**	[a]	**$200**	**1.05710**	[c]	**$211**
39		Project Manager	[a]	$150	1.05710	[c]	$159
40		Engineer VI	[a]	$140	1.05710	[c]	$148
41		Engineer V	[a]	$115	1.05710	[c]	$122
42		Engineer IV	[a]	$105	1.05710	[c]	$111
43		Engineer III	[a]	$96	1.05710	[c]	$101
44		Senior Technician	[a]	$90	1.05710	[c]	$95
45		Technician	[a]	$65	1.05710	[c]	$69
46	Firm #7	Principal Consultant	[a]	$200	1.01802	[b]	$204
47		Project Director	[a]	$185	1.01802	[b]	$188
48		Senior Project Manager	[a]	$130 - $150	1.01802	[b]	$132 - $152
49		Project Manager	[a]	$115 - $130	1.01802	[b]	$117 - $132
50		Senior Engineer	[a]	$135	1.01802	[b]	$137
51		Senior Consultant	[a]	$100 - $115	1.01802	[b]	$102 - $117
52		Staff Engineer I	[a]	$80	1.01802	[b]	$81
53		Staff Engineer II	[a]	$90	1.01802	[b]	$92
54		Staff Engineer III	[a]	$100	1.01802	[b]	$102
55		Engineer Technician Grade I	[a]	$75	1.01802	[b]	$76
56		Engineer Technician Grade II	[a]	$85	1.01802	[b]	$87
57		Senior Program Manager	[a]	$150	1.01802	[b]	$153
58		Project Consultant	[a]	$90	1.01802	[b]	$92
59		Production Specialist	[a]	$75 - $85	1.01802	[b]	$76 - $87
60		Senior Environmental Planner	[a]	$90 - $110	1.01802	[b]	$92 - $112
61		Environmental Analyst/Planner	[a]	$75 - $90	1.01802	[b]	$76 - $92
62		Document Manager	[a]	$70 - $75	1.01802	[b]	$71 - $76

Illinois-American Water Company
Market Analysis - Engineering Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)		(C)	(D)		(E)
63	Firm #8	Project Manager and/or Industrial Hygiene Technician	[a]	$75	1.01802	[b]	$76
64		Field Work by Certified Industrial Hygienist	[a]	$125	1.01802	[b]	$127
65		Report Preparation by Certified Industrial Hygienist	[a]	$145	1.01802	[b]	$148
66		Consulting / Expert Witness Testimony by Cert Ind Hyg	[a]	$175	1.01802	[b]	$178

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 11

Illinois-American Water Company
Market Analysis - Information Technology Services

Line No.	Professional Classification [a]	Calculated Market Rate: All Companies [b]	Calculated Market Rate: Middle Atlantic (Philadelphia) [c]	Adjusted 2010 Rate [d]		Time Distribution by Professional Classification [e]	Weighted Average Market Rate [f]
	(A)	(B)	(C)	(D)		(E)	(F)
1	Director of Client Services	$ 207	$ 219	$ 223		0.4%	$ 1
2	Director of IT Operations	198	210	213		0.4%	1
3	Director of Systems Development	200	212	215		0.4%	1
4	Manager of Data Center Operations	141	150	153		0.4%	1
5	Manager of Information Security	140	148	151		0.4%	1
6	Manager of IT Finance	140	148	151		0.4%	1
7	Manager of Systems Development	169	179	182		3.1%	6
8	Manager of Technical Support	139	148	150		3.4%	5
9	Manager of Telecommunications	150	159	162		0.4%	1
10	Senior IT Trainer	121	128	131		4.3%	6
11	Senior Project Manager	158	167	170		1.8%	3
12	Application programmer II	105	110	112		6.2%	7
13	Application programmer III	126	132	135		3.1%	4
14	Business Systems Analyst II	99	104	106		4.0%	4
15	Business Systems Analyst III	119	125	128		5.4%	7
16	Quality Assurance Analyst II	88	92	94		4.0%	4
17	Senior Data Warehouse Analyst	144	152	154		0.4%	1
18	Senior Database Administrator	142	149	152		2.7%	4
19	Senior Technical Architect	159	167	170		2.7%	5
20	Senior Customer Relationship Manager	135	141	144		8.2%	12
21	Web Application Developer III	132	138	141		0.4%	1
22	Computer Operator I	53	56	57		0.8%	-
23	Computer Operator III	74	78	79		1.7%	1
24	Help Desk Representative I	63	66	67		1.2%	1
25	Help Desk Representative II	74	77	79		1.6%	1
26	Help Desk Representative III	89	93	95		0.8%	1
27	Production Control Analyst II	92	96	98		0.4%	-
28	Shift Supervisor, Data Center Operations	114	120	122		0.8%	1
29	Technical Support Analyst I	81	85	87		8.8%	8
30	Technical Support Analyst II	102	107	109		6.3%	7
31	Technical Support Analyst III	115	120	122		2.4%	3
32	Information Security Analyst II	112	118	120		1.3%	2
33	Information Security Analyst III	135	142	144		2.2%	3
34	Network Administrator III	115	121	123		2.2%	3
35	Systems Administrator II	113	118	120		2.6%	3
36	Systems Administrator III	136	142	145		2.6%	4
37	Systems Programmer II	106	111	113		0.4%	1
38	Telecommunications Support Analyst III	120	126	128		1.3%	2
39	Test Engineer II	101	106	108		1.3%	1
40	Unix System Administrator III	133	140	142		3.0%	4
41	Webmaster	116	121	123		0.9%	1
42	Director, IT Process and Change Mgmt [g]	179	195	206	[1]	0.5%	1
43	Configuration Mgmt Analyst [g]	101	119	126	[1]	0.5%	1
44	Project Manager [g]	144	147	155	[1]	1.8%	3
45	Director Program Management [g]	184	181	192	[1]	0.4%	1
46	Project Leader [g]	128	130	137	[1]	0.4%	1
47	Release/Build Engineer [g]	119	108	114	[1]	0.4%	-
48	**Total**					100%	$ 130

Comparison of Service Company Rates to Market Rates

		Rate		AWWSC Rate Above/(Below) Market Rate [i]
	Professional Classification [a]	Service Company [e]	Market [h]	
	(A)	(B)	(C)	(D)
49	Director of Client Services	$ 130	$ 223	$ (93)
50	Director of IT Operations	199	213	(14)
51	Director of Systems Development	164	215	(52)
52	Manager of Data Center Operations	105	153	(48)
53	Manager of Information Security	102	151	(49)
54	Manager of IT Finance	243	151	92
55	Manager of Systems Development	124	182	(58)
56	Manager of Technical Support	100	150	(50)
57	Manager of Telecommunications	107	162	(55)
58	Senior IT Trainer	77	131	(54)
59	Senior Project Manager	123	170	(47)
60	Application programmer II	98	112	(14)
61	Application programmer III	112	135	(23)
62	Business Systems Analyst II	83	106	(23)
63	Business Systems Analyst III	95	128	(33)
64	Quality Assurance Analyst II	62	94	(32)
65	Senior Data Warehouse Analyst	102	154	(52)
66	Senior Database Administrator	100	152	(51)
67	Senior Technical Architect	114	170	(56)
68	Senior Customer Relationship Manager	87	144	(57)
69	Web Application Developer III	131	141	(10)
70	Computer Operator I	41	57	(16)
71	Computer Operator III	52	79	(27)
72	Help Desk Representative I	51	67	(16)
73	Help Desk Representative II	66	79	(13)
74	Help Desk Representative III	57	95	(38)
75	Production Control Analyst II	128	98	30
76	Shift Supervisor, Data Center Operations	66	122	(56)
77	Technical Support Analyst I	55	87	(32)
78	Technical Support Analyst II	71	109	(38)
79	Technical Support Analyst III	80	122	(43)
80	Information Security Analyst II	98	120	(22)
81	Information Security Analyst III	109	144	(35)
82	Network Administrator III	98	123	(25)
83	Systems Administrator II	122	120	1
84	Systems Administrator III	104	145	(41)
85	Systems Programmer II	75	113	(37)
86	Telecommunications Support Analyst III	81	128	(46)
87	Test Engineer II	97	108	(11)
88	Unix System Administrator III	123	142	(19)
89	Webmaster	115	123	(9)
90	Director, IT Process and Change Mgmt [g]	127	206	(79)
91	Configuration Mgmt Analyst [g]	94	126	(32)
92	Project Manager [g]	102	155	(54)
93	Director Program Management [g]	142	192	(49)
94	Project Leader [g]	100	137	(37)
95	Release/Build Engineer [g]	37	114	(76)

Source

[a] 2008 Computer Economics IT Salary Report
[b] Schedule 3.2 - Column D
[c] Schedule 3.2 - Column G
[d] Column C x 1.01802 (Schedule 6, Line 14)
[e] Schedule 3.1
[f] Column D x Column E
[g] 2008 Gartner IT Market Compensation Study
[h] Schedule 3, Column D Above
[i] Column B - Column C

Footnote

[1] Rate escalated using a factor of 1.0571 (Schedule 6, Line 11) due to the Gartner Study containing 2007 data

Illinois-American Water Company
Market Analysis - Information Technology Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Professional Classification	Hours	Amount	Time Distribution	Average Rate per Hour
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	ITS	ITS	Project Manager	672	$ 68,234	1.8%	$ 102
2	ITS	ITS	Webmaster	333	$ 38,111	0.9%	$ 115
3	Central	Customer Service	Technical Support Analyst III	743	$ 56,171		
4	ITS	ITS	Technical Support Analyst III	168	$ 16,666		
5	Subtotal			911	$ 72,837	2.4%	$ 80
6	Central	Customer Service	Manager of Technical Support	1,114	$ 101,277		
7	ITS	ITS	Manager of Technical Support	163	$ 26,417		
8	Subtotal			1,278	$ 127,693	3.4%	$ 100
9	Central	Customer Service	Technical Support Analyst I	2,972	$ 163,510		
10	ITS	Business Services	Technical Support Analyst I	326	$ 18,809		
11	Subtotal			3,297	$ 182,319	8.8%	$ 55
12	Central	Customer Service	Technical Support Analyst II	2,229	$ 156,635		
13	ITS	ITS	Technical Support Analyst II	154	$ 11,553		
14	Subtotal			2,382	$ 168,188	6.3%	$ 71
15	ITS	ITS	Director of Client Services	167	$ 21,702	0.4%	$ 130
16	ITS	ITS	Helpdesk Representative III	307	$ 17,436	0.8%	$ 57
17	ITS	ITS	Help Desk Rep I	461	$ 23,504	1.2%	$ 51
18	ITS	ITS	Help Desk Rep II	614	$ 40,677	1.6%	$ 66
19	ITS	ITS	System Administrator III	991	$ 103,233	2.6%	$ 104
20	ITS	ITS	Manager of Information Security	169	$ 17,226	0.4%	$ 102
21	ITS	ITS	Systems Programmer II	169	$ 12,735	0.4%	$ 75
22	ITS	ITS	Senior Data Warehouse Analyst	169	$ 17,226	0.4%	$ 102
23	ITS	ITS	Manager of IT Finance	166	$ 40,189	0.4%	$ 243
24	ITS	ITS	Senior Project Manager	672	$ 82,413	1.8%	$ 123
25	ITS	ITS	Director of IT Operations	169	$ 33,642	0.4%	$ 199
26	ITS	ITS	Computer Operator I	320	$ 13,114	0.8%	$ 41
27	ITS	ITS	Shift Supervisor Data Center Ops	320	$ 21,137	0.8%	$ 66
28	ITS	ITS	Manager Data Center Operations	160	$ 16,755	0.4%	$ 105
29	ITS	ITS	Computer Operator III	639	$ 33,139	1.7%	$ 52
30	ITS	ITS	Network Administrator III	837	$ 82,248	2.2%	$ 98
31	ITS	ITS	System Administrator II	980	$ 119,253	2.6%	$ 122
32	ITS	ITS	Unix Systems Administrator III	1,143	$ 140,329	3.0%	$ 123
33	ITS	ITS	Telecommunication Support Analyst III	505	$ 41,146	1.3%	$ 81
34	ITS	ITS	Manager of Telecommunications	168	$ 17,988	0.4%	$ 107
35	ITS	ITS	Director of System Development	168	$ 27,590	0.4%	$ 164
36	ITS	ITS	Manager of Systems Development	1,178	$ 146,234	3.1%	$ 124
37	ITS	ITS	Application Programmer III	1,180	$ 131,677	3.1%	$ 112
38	ITS	ITS	Web Application Developer III	166	$ 21,787	0.4%	$ 131
39	ITS	ITS	Business Systems Analyst II	1,495	$ 123,542	4.0%	$ 83
40	ITS	ITS	Business Systems Analyst III	2,016	$ 190,661	5.4%	$ 95
41	ITS	ITS	Application Programmer II	2,318	$ 226,425	6.2%	$ 98
42	ITS	ITS	Quality Assurance Analyst II	1,517	$ 93,845	4.0%	$ 62
43	ITS	ITS	Senior Customer Relationship Mgr	3,101	$ 269,061	8.2%	$ 87
44	ITS	Business Services	Senior IT Trainer	1,629	$ 125,364	4.3%	$ 77
45	ITS	ITS	Production Control Analyst II	169	$ 21,572	0.4%	$ 128
46	ITS	ITS	Senior Technical Architect	1,014	$ 115,521	2.7%	$ 114
47	ITS	ITS	Release Build Engineer	154	$ 5,720	0.4%	$ 37
48	ITS	ITS	Confg Management Analyst	170	$ 15,930	0.5%	$ 94
49	ITS	ITS	Dir IT Process and Change Mgt	170	$ 21,571	0.5%	$ 127
50	ITS	ITS	Director Program Management	168	$ 23,899	0.4%	$ 142
51	ITS	ITS	Project Leader	168	$ 16,835	0.4%	$ 100
52	ITS	ITS	Senior Database Administrator	1,005	$ 100,913	2.7%	$ 100
53	ITS	ITS	Information Security Analyst III	837	$ 91,237	2.2%	$ 109
54	ITS	ITS	Test Engineer II	505	$ 49,072	1.3%	$ 97
55	ITS	ITS	Information Security Analyst II	499	$ 48,972	1.3%	$ 98
56	**Total**		**Information Technology Services**	**37,629**	**$ 3,419,899**	**100.0%**	**$ 91**

Footnote
[1] Schedule 3.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Information Technology Services (Detail)

Line No.	Professional Classification [a]	All Companies: Survey Median Salary [a]	All Companies: Calculated Median Rate per Hour [b]	All Companies: Calculated Market Rate per Hour [c]	Middle Atlantic (Philadelphia): Median Salary [a]	Middle Atlantic (Philadelphia): Calculated Median Rate per Hour [d]	Middle Atlantic (Philadelphia): Calculated Market Rate per Hour [e]	Time Distribution by Professional Classification [f]	Weighted Average Market Rate [g]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Director of Client Services	$ 143,564	$ 69	$ 207	$ 152,097	$ 73	$ 219	0.4%	$ 1
2	Director of IT Operations	137,166	66	198	145,319	70	210	0.4%	1
3	Director of Systems Development	138,523	67	200	146,746	71	212	0.4%	1
4	Manager of Data Center Operations	98,051	47	141	103,879	50	150	0.4%	1
5	Manager of Information Security	96,903	47	140	102,663	49	148	0.4%	1
6	Manager of IT Finance	97,056	47	140	102,825	49	148	0.4%	1
7	Manager of Systems Development	117,070	56	169	124,029	60	179	3.1%	6
8	Manager of Technical Support	96,686	46	139	102,433	49	148	3.4%	5
9	Manager of Telecommunications	103,985	50	150	110,166	53	159	0.4%	1
10	Senior IT Trainer	83,972	40	121	88,963	43	128	4.3%	6
11	Senior Project Manager	109,360	53	158	115,860	56	167	1.8%	3
12	Application programmer II	72,518	35	105	76,101	37	110	6.2%	7
13	Application programmer III	87,371	42	126	91,688	44	132	3.1%	4
14	Business Systems Analyst II	68,729	33	99	72,126	35	104	4.0%	4
15	Business Systems Analyst III	82,806	40	119	86,898	42	125	5.4%	7
16	Quality Assurance Analyst II	60,930	29	88	63,941	31	92	4.0%	4
17	Senior Data Warehouse Analyst	100,138	48	144	105,090	51	152	0.4%	1
18	Senior Database Administrator	98,545	47	142	103,414	50	149	2.7%	4
19	Senior Technical Architect	110,292	53	159	115,737	56	167	2.7%	4
20	Senior Customer Relationship Manager	93,359	45	135	97,972	47	141	8.2%	12
21	Web Application Developer III	91,472	44	132	95,988	46	138	0.4%	1
22	Computer Operator I	36,882	18	53	38,708	19	56	0.8%	0
23	Computer Operator III	51,224	25	74	53,761	26	78	1.7%	1
24	Help Desk Representative I	43,786	21	63	45,951	22	66	1.2%	1
25	Help Desk Representative II	51,186	25	74	53,717	26	77	1.6%	1
26	Help Desk Representative III	61,670	30	89	64,720	31	93	0.8%	1
27	Production Control Analyst II	63,650	31	92	66,802	32	96	0.4%	0
28	Shift Supervisor, Data Center Operations	79,230	38	114	83,154	40	120	0.8%	1
29	Technical Support Analyst I	56,413	27	81	59,198	28	85	8.8%	7
30	Technical Support Analyst II	70,728	34	102	74,219	36	107	6.3%	7
31	Technical Support Analyst III	79,455	38	115	83,377	40	120	2.4%	3
32	Information Security Analyst II	77,763	37	112	81,602	39	118	1.3%	2
33	Information Security Analyst III	93,690	45	135	98,316	47	142	2.2%	3
34	Network Administrator III	79,919	38	115	83,866	40	121	2.2%	3
35	Systems Administrator II	78,104	38	113	81,961	39	118	2.6%	3
36	Systems Administrator III	94,101	45	136	98,748	47	142	2.6%	4
37	Systems Programmer II	73,153	35	106	76,766	37	111	0.4%	0
38	Telecommunications Support Analyst III	82,996	40	120	87,096	42	126	1.3%	2
39	Test Engineer II	69,939	34	101	73,393	35	106	1.3%	1
40	Unix System Administrator III	92,308	44	133	96,867	47	140	3.0%	4
41	Webmaster	80,107	39	116	84,062	40	121	0.9%	1
42	Director, IT Process and Change Mgmt [h]	124,000	60	179	135,300	65	195	0.5%	1
43	Configuration Mgmt Analyst [h]	70,000	34	101	82,400	40	119	0.5%	1
44	Project Manager [h]	100,000	48	144	101,900	49	147	1.8%	3
45	Director Program Management [h]	127,800	61	184	125,700	60	181	0.4%	1
46	Project Leader [h]	89,000	43	128	90,000	43	130	0.4%	1
47	Release Build Engineer [h]	82,700	40	119	74,600	36	108	0.4%	0
48	**Total**							100%	$ 124

Source
[a] 2008 Computer Economics IT Salary Report
[b] Column B ÷ 2,080
[c] Column C x 3
[d] Column E ÷ 2,080
[e] Column F x 3
[f] Schedule 3.1
[g] Column G x Column H
[h] 2008 Gartner IT Market Compensation Study

Illinois-American Water Company
Market Analysis - Information Technology Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor	Adjusted 2010 Rate
	(A)	(B)		(C)	(D)	(E)
1	Firm #1	Business Analyst [3]	[a]	$191	1.01802 [b]	$194
2		Project Manager [3]	[a]	$272	1.01802 [b]	$277
3	Firm #2	Business Analyst [1]	[a]	$150 - $163	1.01802 [b]	$153 - $166
4		Technical Lead [1]	[a]	$188 - $200	1.01802 [b]	$191 - $204
5	Firm #3	**Business Sponsor**	**[a]**	**$728**	**1.01802 [b]**	**$741**
6		Design Architect	[a]	$253	1.01802 [b]	$258
7		Developer	[a]	$206	1.01802 [b]	$210
8		Project Manager	[a]	$355	1.01802 [b]	$361
9		QA Lead	[a]	$253	1.01802 [b]	$258
10		Technical Lead	[a]	$265	1.01802 [b]	$270
11		Tester	[a]	$144	1.01802 [b]	$147
12	Firm #4	Web Architect	[a]	$225	1.01802 [b]	$229
13	Firm #5	Partner	[a]	$315	1.01802 [b]	$321
14		Project Manager	[a]	$180	1.01802 [b]	$183
15		Web Self Service Design	[a]	$120 - $350	1.01802 [b]	$122 - $356
16	Firm #6	Sabrix Installation	[a]	$275	1.01802 [b]	$280
17	Firm #7	JDE Developer	[a]	$118	1.01802 [b]	$120
18	Firm #8	**Analysts**	**[a]**	**$85** - $225	**1.01802 [b]**	**$87** - $229
19		Architect	[a]	$233	1.01802 [b]	$237
20		Architect/Engineer	[a]	$180	1.01802 [b]	$183
21		Business Analyst [1] [2] [3]	[a]	$150 - $188	1.01802 [b]	$153 - $191
22		Consultant	[a]	$200	1.01802 [b]	$204
23		Developer	[a]	$100 - $250	1.01802 [b]	$102 - $255
24		Hyperion Strategy Development	[a]	$263	1.01802 [b]	$268
25		Implementation Consultant	[a]	$250	1.01802 [b]	$255
26		PowerPlant Developers [1]	[a]	$288	1.01802 [b]	$293
27		Project Manager	[a]	$150 - $250	1.01802 [b]	$153 - $255
28		Senior Remedy Solution Consultant	[a]	$185	1.01802 [b]	$188
29		Technician	[a]	$167	1.01802 [b]	$170
30		Testers	[a]	$100	1.01802 [b]	$102

Source
[a] Information Provided by Service Company
[b] Schedule 6, Line 14

Footnote
[1] Daily Rate ÷ 8
[2] Weekly Rate ÷ 40
[3] Monthly Rate ÷ 173 (2,080 ÷ 12)

Illinois-American Water Company
Market Analysis - Legal Services

Line No.	Professional Classification [a]	Market Rate [b]	Adjusted to 2010 Rate [c]	Time Distribution by Professional Classification [d]	Weighted Average Market Rate [e]
	(A)	(B)	(C)	(D)	(E)
1	Partner	$ 412	$ 435	14%	$ 60
2	Associate	250	264	58%	154
3	Paralegal	140 [1]	143	28%	39
4	**Total**			**100%**	**$ 253**

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Service Company [d]	Market [f]	AWWSC Rate Above/(Below) Market Rate [g]
	(A)	(B)	(C)	(D)
5	Partner	$ 226	$ 435	$ (209)
6	Associate	140	264	(124)
7	Paralegal	84	143	(59)

Source
[a] 2008 NLJ Billing Survey except for Paralegal (See footnote [1] below)
[b] Schedule 4.2 and 4.3 except for Paralegal (See footnote [1] below)
[c] Column B x 1.0571 (Schedule 6, Line 11) except for Paralegal (Column B x 1.01802 [Schedule 6, Line 14])
[d] Schedule 4.1
[e] Column C x Column D
[f] Schedule 4, Column C Above
[g] Column B - Column C

Footnote
[1] Paralegal rate from supplemental information (See Schedule 4.4)

Illinois-American Water Company
Market Analysis - Legal Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Page No.	Location	Business Unit	Associate Hours	Associate Amount	Paralegal Hours	Paralegal Amount	Partner Hours	Partner Amount	Legal Services Total Hours	Legal Services Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	CENTRAL	Legal	3,340	$ 467,987	954	$ 61,946	477	$ 109,626	4,771	$ 639,559
2		Subtotal	3,340	$ 467,987	954	$ 61,946	477	$ 109,626	4,771	$ 639,559
3	CORP	Legal			628	$ 70,908	314	$ 69,244	942	$ 140,152
4		Subtotal	-	$ -	628	$ 70,908	314	$ 69,244	942	$ 140,152
5		**Total**	**3,340**	**$ 467,987**	**1,582**	**$ 132,854**	**791**	**$ 178,870**	**5,713**	**$ 779,711**
6										
7		**Time Distribution**	**58%**		**28%**		**14%**		**100%**	
8		**Average Rate per Hour**		**$ 140**		**$ 84**		**$ 226**		**$ 136**

Footnote
[1] Schedule 4.1 prepared by Service Company

Illinois-American Water Company
Market Analysis - Legal Services (Midwest Region Partners)

Line No.	Firm Name	Location	Market Rate [a] Partner Billing Rate Average	Market Rate [a] Partner Billing Rate High	Market Rate [a] Partner Billing Rate Low	Calculated [b] Partner Billing Rate Average	Market Rate or Calculated Market Rate Average [c]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Armstrong Teasdale	St. Louis, MO	$ -	$ 450	$ 295	$ 373	$ 373
2	Brinks Hofer Gilson & Lione	Chicago, IL	499	700	320	-	499
3	Bryan Cave	St. Louis, MO	525	750	340	-	525
4	Butzel Long	Detroit, MI	-	650	300	475	475
5	Dickinson Wright	Detroit, MI	-	550	275	413	413
6	Dinsmore & Shohl	Cincinnati,OH	347	495	220	-	347
7	Dykema Gossett	Detroit, MI	415	650	265	-	415
8	Frost Brown Todd	Cincinnati, OH	317	490	225	-	317
9	Husch Blackwell Sanders	St. Louis, MO	352	740	205	-	352
10	Jenner & Block	Chicago, IL	616	1,000	525	-	616
11	Lathrop & Gage	Kansas City, MO	-	490	255	373	373
12	Lewis, Rice & Fingersh	St. Louis, MO	-	440	225	333	333
13	Miller, Canfield, Paddock and Stone	Detroit, MI	425	620	275	-	425
14	Polsinelli Shalton Flanigan Suelthaus	Kansas City, MO	-	600	250	425	425
15	Roetzel & Andress	Akron, Ohio	333	500	225	-	333
16	Shughart Thomson & Kilroy	Kansas City, MO	-	500	240	370	370
17	Shumaker, Loop & Kendrick	Toledo, OH	329	500	225	-	329
18	Stinson Morrison Hecker	Kansas City, MO	363	680	275	-	363
19	Taft Stettinius & Hollister	Cincinnati, OH	354	475	200	-	354
20	Thompson Coburn	St. Louis, MO	-	555	295	425	425
21	Thompson Hine	Cleveland, OH	425	740	275	-	425
22	Ulmer & Berne	Cleveland, OH	319	495	230	-	319
23	Vedder Price	Chicago, IL	455	685	310	-	455
24	Winston & Strawn	Chicago, IL	622	975	400	-	622
25	**Billing Rate Average for Midwest Region Partners**						**$ 412**

Source
[a] 2008 NLJ Billing Survey
[b] (Column D + Column E) ÷ 2
[c] Column C as provided in survey, otherwise Column F as calculated

Illinois-American Water Company
Market Analysis - Legal Services (Midwest Region Associates)

Line No.	Firm Name	Location	Market Rate [a] Associate Billing Rate Average	Market Rate [a] Associate Billing Rate High	Market Rate [a] Associate Billing Rate Low	Calculated [b] Associate Billing Rate Average	Market Rate or Calculated Market Rate Average [c]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Armstrong Teasdale	St. Louis, MO	$ -	$ 300	$ 175	$ 238	$ 238
2	Brinks Hofer Gilson & Lione	Chicago, IL	281	435	180	-	281
3	Bryan Cave	St. Louis, MO	314	510	170	-	314
4	Butzel Long	Detroit, MI	-	290	180	235	235
5	Dickinson Wright	Detroit, MI	-	300	180	240	240
6	Dinsmore & Shohl	Cincinnati,OH	202	305	160	-	202
7	Dykema Gossett	Detroit, MI	277	435	170	-	277
8	Frost Brown Todd	Cincinnati, OH	188	260	145	-	188
9	Husch Blackwell Sanders	St. Louis, MO	218	380	150	-	218
10	Jenner & Block	Chicago, IL	393	495	325	-	393
11	Lathrop & Gage	Kansas City, MO	-	265	180	223	223
12	Lewis, Rice & Fingersh	St. Louis, MO	-	305	140	223	223
13	Miller, Canfield, Paddock and Stone	Detroit, MI	240	375	165	-	240
14	Polsinelli Shalton Flanigan Suelthaus	Kansas City, MO	-	275	175	225	225
15	Roetzel & Andress	Akron, Ohio	219	295	170	-	219
16	Shughart Thomson & Kilroy	Kansas City, MO	-	245	185	215	215
17	Shumaker, Loop & Kendrick	Toledo, OH	227	380	185	-	227
18	Stinson Morrison Hecker	Kansas City, MO	224	290	190	-	224
19	Taft Stettinius & Hollister	Cincinnati, OH	217	325	165	-	217
20	Thompson Coburn	St. Louis, MO	-	400	170	285	285
21	Thompson Hine	Cleveland, OH	240	510	185	-	240
22	Ulmer & Berne	Cleveland, OH	205	310	175	-	205
23	Vedder Price	Chicago, IL	290	390	235	-	290
24	Winston & Strawn	Chicago, IL	376	625	210	-	376
25	**Billing Rate Average for Midwest Region Associates**						**$ 250**

Source
[a] 2008 NLJ Billing Survey
[b] (Column D + Column E) ÷ 2
[c] Column C as provided in survey, otherwise Column F as calculated

Illinois-American Water Company
Market Analysis - Legal Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor	Adjusted 2010 Rate
	(A)	(B)		(C)	(D)	(E)
1	Firm #1	Partner	[a]	$284	1.01802 [b]	$289
2	Firm #2	Associate / Partner	[a]	$205 - $475	1.01802 [b]	$209 - $484
3		**Paralegal**	[a]	**$140** - $190	**1.01802** [b]	**$143** - $193
4	Firm #3	Utilities Attorney	[a]	$200 - $423	1.01700 [c]	$203 - $430
5		Labor Attorney	[a]	$152 - $314	1.01700 [c]	$155 - $319
6		Environmental Attorney	[a]	$285 - $385	1.01700 [c]	$290 - $392
7		Real Estate Attorney	[a]	$285	1.01700 [c]	$290
8		Litigation Attorney	[a]	$385	1.01700 [c]	$392
9	Firm #4	Associate / Partner	[a]	$157 - $353	1.01700 [c]	$160 - $359
10	Firm #5	Partner	[a]	$360 - $400	1.01802 [b]	$366 - $407
11		Associate	[a]	$220 - $320	1.01802 [b]	$224 - $326
12		Paralegal	[a]	$156	1.01802 [b]	$159
13	Firm #6	**Partner**	[a]	**$405 - $525**	**1.01700 [c]**	**$412 - $534**
14		Senior Associate	[a]	$360 - $450	1.01700 [c]	$366 - $458
15		Second-Year Associate	[a]	$270	1.01700 [c]	$275
16		First-Year Associate	[a]	$248	1.01700 [c]	$252
17	Firm #7	Partner	[a]	$250 - $420	1.01802 [b]	$255 - $428
18		Associate	[a]	$210 - $250	1.01802 [b]	$214 - $255
19	Firm #8	Partner	[a]	$325 - $475	1.01802 [b]	$331 - $484
20		Senior Associate	[a]	$250 - $325	1.01802 [b]	$255 - $331
21		Junior Associate	[a]	$190 - $250	1.01802 [b]	$193 - $255
22	Firm #9	Senior Partner	[a]	$355 - $505	1.01802 [b]	$361 - $514
23		Junior Partner	[a]	$320 - $430	1.01802 [b]	$326 - $438
24		Senior Associate	[a]	$260 - $310	1.01802 [b]	$265 - $316
25		Mid-level Associate	[a]	$185 - $255	1.01802 [b]	$188 - $260
26	Firm #10	Partner / Shareholder	[a]	$350 - $420	1.01802 [b]	$356 - $428
27		Associate	[a]	$250 - $350	1.01802 [b]	$255 - $356
28	Firm #11	Associate	[a]	$225 - $300	1.01802 [b]	$229 - $305

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 10

Illinois-American Water Company
Market Analysis - Management Consulting Services

Line No.	Professional Classification [a]	Market Rate [a]	Adjusted to 2010 Rate [b]	Time Distribution by Professional Classification [c]	Weighted Average Market Rate [d]
	(A)	(B)	(C)	(D)	(E)
1	Junior Partners	$ 285	$ 301	8%	$ 23
2	Senior Management Consultants	233	246	15%	37
3	Management Consultants	199	210	28%	58
4	Entry Level Consultants	154	163	8%	13
5	Research Associates	130	137	42%	58
6	**Total**			**100%**	**$ 188**

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [c]	Rate: Market [e]	AWWSC Rate Above/(Below) Market Rate [f]
	(A)	(B)	(C)	(D)
7	Junior Partners	$ 222	$ 301	$ (79)
8	Senior Management Consultants	126	246	(120)
9	Management Consultants	120	210	(90)
10	Entry Level Consultants	78	163	(85)
11	Research Associates	78	137	(59)

Source
[a] 2008 Association of Management Consulting Firms' Operating Ratios for Management Consulting Firms:
A Resource for Benchmarking
[b] Column B x 1.0571 (Schedule 6, Line 11)
[c] Schedule 5.1
[d] Column C x Column D
[e] Schedule 5, Column C Above
[f] Column B - Column C

Illinois-American Water Company
Market Analysis - Management Consulting Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Entry Level Consultant Hours	Entry Level Consultant Amount	Management Consultant Hours	Management Consultant Amount	Junior Partner Hours	Junior Partner Amount	Research Associate Hours	Research Associate Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	BELLEVILLE LAB	Water Quality							1,455	$ 86,400
2		Subtotal	-	$ -	-	$ -	-	$ -	1,455	$ 86,400
3	CENTRAL	Customer Service	484	$ 48,906	2,789	$ 355,662	484	$ 162,027	4,352	$ 352,971
4		External Affairs					284	$ 41,218		
5		Human Resources	1,791	$ 129,798	2,687	$ 296,659	448	$ 94,289	3,134	$ 196,155
6		Legal							477	$ 29,663
7		Regulated Operations							1,352	$ 129,650
9		Other			909	$ 74,246	455	$ 85,796	455	$ 30,798
10		Subtotal	2,275	$ 178,704	6,385	$ 726,567	1,670	$ 383,330	9,770	$ 739,238
11	CORP	External Affairs			325	$ 42,190	483	$ 96,106	158	$ 18,735
12		Human Resources	322	$ 24,122	963	$ 104,334	166	$ 37,448	656	$ 66,365
13		Legal							157	$ 14,639
14		Operations			153	$ 68,882			168	$ 16,826
15		Regulated Operations							158	$ 14,479
16		Other			429	$ 55,744	107	$ 22,912	277	$ 37,847
17		Subtotal	322	$ 24,122	1,870	$ 271,149	756	$ 156,466	1,574	$ 168,889
18	SSC	Finance			640	$ 67,920			795	$ 60,908
19		Subtotal	-	$ -	640	$ 67,920	-	$ -	795	$ 60,908
20		**Total**	**2,597**	**$ 202,826**	**8,895**	**$ 1,065,637**	**2,426**	**$ 539,796**	**13,594**	**$ 1,055,434**
21		**Time Distribution**	**8%**		**28%**		**8%**		**42%**	
22		**Average Rate per Hour**		**$ 78**		**$ 120**		**$ 222**		**$ 78**

Footnote
[1] Schedule 5.1 prepared by Service Company

Illinois-American Water Company
Market Analysis - Management Consulting Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Senior Management Consultant Hours	Senior Management Consultant Amount	Management Consulting Services Total Hours	Management Consulting Services Total Amount
	(A)	(B)	(K)	(L)	(M)	(N)
1	BELLEVILLE LAB	Water Quality			1,455	$ 86,400
2		Subtotal	-	$ -	1,455	$ 86,400
3	CENTRAL	Customer Service			8,107	$ 919,566
4		External Affairs	1,706	$ 175,951	1,990	$ 217,169
5		Human Resources			8,060	$ 716,901
6		Legal			477	$ 29,663
7		Regulated Operations			1,352	$ 129,650
9		Other	1,364	$ 164,394	3,183	$ 355,235
10		Subtotal	3,070	$ 340,345	23,170	$ 2,368,184
11	CORP	External Affairs	1,288	$ 202,008	2,253	$ 359,040
12		Human Resources	322	$ 45,166	2,429	$ 277,434
13		Legal			157	$ 14,639
14		Operations			321	$ 85,707
15		Regulated Operations			158	$ 14,479
16		Other	107	$ 17,008	921	$ 133,510
17		Subtotal	1,717	$ 264,181	6,239	$ 884,808
18	SSC	Finance			1,435	$ 128,828
19		Subtotal	-	$ -	1,435	$ 128,828
20		**Total**	**4,787**	**$ 604,527**	**32,299**	**$ 3,468,220**
21		**Time Distribution**	**15%**		**100%**	
22		**Average Rate per Hour**		**$ 126**		**$ 107**

Footnote
[1] Schedule 5.1 prepared by Service Company

Schedule 5.2
Page 1 of 1

Illinois-American Water Company
Market Analysis - Management Consulting Services - Supplemental Rates

Line No.	Firm Name	Professional Classification	Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)	(C)	(D)		(E)
1	Firm #1	[a] Principal	$190	1.01802	[b]	$193
2		[a] Financial Analyst	$90 - $120	1.01802	[b]	$92 - $122
3	Firm #2	[a] President	$195	1.01802	[b]	$199
4		[a] Vice President	$185	1.01802	[b]	$188
5		[a] Manager	$175	1.01802	[b]	$178
6		[a] Director	$185	1.01802	[b]	$188
7		[a] Project Manager	$145	1.01802	[b]	$148
8		[a] Analysts/Engineers	$115	1.01802	[b]	$117
9		[a] Associate Analysts/Engineers	$105	1.01802	[b]	$107
10		[a] Assistant Analysts/Engineers	$95	1.01802	[b]	$97
11		[a] Senior Technicians	$85	1.01802	[b]	$87
12		**[a] Technicians**	**$80**	**1.01802**	[b]	**$81**
13	Firm #3	[a] Principal	$225	1.01802	[b]	$229
14	Firm #4	[a] Principal	$175	1.01802	[b]	$178
15	Rate Case Assistance	[a] Junior Partner	$180 - $225	1.01802	[b]	$183 - $229
16		[a] Junior Consultant	$103 - $124	1.01802	[b]	$105 - $126
17	Cost of Equity	[a] Principal	$380 - $480	1.01802	[b]	$387 - $489
18		[a] Associate	$265 - $340	1.01802	[b]	$270 - $346
19		[a] Research Associate	$143 - $200	1.01802	[b]	$146 - $204
20	Human Resources	[a] **Principal**	$530 - **$750**	**1.01700**	[c]	$539 - **$763**
21		[a] Senior Consultant	$540 - $580	1.01700	[c]	$549 - $590
22		[a] Consultant	$435 - $475	1.01700	[c]	$442 - $483
23		[a] Associate	$210 - $370	1.01700	[c]	$214 - $376

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 10

Illinois- merican ater Com an
Cost Escalator Calculation

Line No.	Service	Cost Escalator Factor
	(A)	(B)
1	Accounting (Schedule 1)	1.05710 [1]
2	Engineering (Schedule 2)	1.05710 [1]
3	Information Technology (Schedule 3)	1.01802 [2]
4	Legal (Schedule 4)	1.05710 [1]
5	Management Consulting (Schedule 5)	1.05710 [1]

Source
[a] U.S. Department of Labor, Bureau of Labor Statistics
[b] Congressional Budget Office

Footnote

[1] Based on a Cost Escalation Adjustment from 2007 to 2010

		CPI	% Change
6	Year 2008 [a]	215.303	
7	Year 2007 [a]	207.342	
8	2008 Change in CPI	7.961	3.84%
9	2009 Forecasted change in CPI [b]		0.10%
10	2010 Forecasted change in CPI [b]		1.70%
11	**Cost Escalator Factor 2007 to 2010**		**1.05710**

[2] Based on a Cost Escalation Adjustment from 2008 to 2010

		% Change
12	2009 Forecasted change in CPI [b]	0.10%
13	2010 Forecasted change in CPI [b]	1.70%
14	**Cost Escalator Factor 2008 to 2010**	**1.01802**

Illinois-American Water Company
Customer Accounts Analysis

Line No.	(A)		Iowa: Interstate Power and Light Company (B)	Iowa: MidAmerican Energy Company (C)	Illinois: Central Illinois Light Company (D)	Illinois: Central Illinois Public Service Company (E)	Illinois: Commonwealth Edison Company (F)	Illinois: Illinois Power Company (G)
	Customer Accounts Expense							
	(2007 FERC Form No. 1)							
1	Acct 901 - Supervision (As Applicable to Customer Accounts Expense)	[1]	$ 137,950	$ 834,872	$ 1,496	$ 2,597	$ 327,370	$ 9,567
2	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 6,841,367	$ 14,254,909	$ 5,596,991	$ 8,716,470	$ 120,610,588	$ 10,983,933
3	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		$ 28,667	$ 309,674	$ 223,985	$ 302,592	$ -	$ 645,956
4	Subtotal		$ 7,007,984	$ 15,399,455	$ 5,822,472	$ 9,021,659	$ 120,937,958	$ 11,639,456
	Add: Employee Benefits & Employer FICA (not included in above amounts)							
5	Account 926 - Employee Pension & Benefits	[2]	$ 989,239	$ 3,409,266	$ 999,024	$ 782,849	$ 22,781,792	$ 673,567
6	Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	[3]	$ 371,998	$ 1,521,496	$ 334,211	$ 442,765	$ 5,097,155	$ 618,915
7	**Total Customer Accts Expense**		**$ 8,369,221**	**$ 20,330,217**	**$ 7,155,707**	**$ 10,247,273**	**$ 148,816,904**	**$ 12,931,938**
8	Average Number of Customers (Pg 304, Ln 43)		528,093	716,315	210,178	387,776	3,802,140	616,239
9	**Customer Accts Expense per Customer**		**$ 15.85**	**$ 28.38**	**$ 34.05**	**$ 26.43**	**$ 39.14**	**$ 20.99**
10	Consumer Price Index Cost Escalator	[4]	1.0571	1.0571	1.0571	1.0571	1.0571	1.0571
11	**Customer Accts Expense per Customer on 2010 Basis**		**$ 16.75**	**$ 30.00**	**$ 35.99**	**$ 27.93**	**$ 41.38**	**$ 22.18**

Footnote

	[1] Allocation of Account 901 Between Meter Reading & Customer Accounts							
12	Acct 902 - Meter Reading (Pg 322, Ln 160)		$ 5,953,252	$ 7,779,904	$ 1,890,408	$ 3,981,834	$ 33,825,388	$ 7,065,186
13	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 6,841,367	$ 14,254,909	$ 5,596,991	$ 8,716,470	$ 120,610,588	$ 10,983,933
14	Total of Accts 902 & 903		$ 12,794,619	$ 22,034,813	$ 7,487,399	$ 12,698,304	$ 154,435,976	$ 18,049,119
15	% of Acct 901 to Allocate to Acct 902 (Ln 12 ÷ Ln 14)		46.5%	35.3%	25.2%	31.4%	21.9%	39.1%
16	% of Acct 901 to Allocate to Acct 903 (Ln 13 ÷ Ln 14)		53.5%	64.7%	74.8%	68.6%	78.1%	60.9%
17	Acct 901 - Supervision (Pg 322, Ln 159)		257,992	$ 1,290,520	$ 2,001	$ 3,783	$ 419,181	$ 15,720
18	Portion of Acct 901 Applicable to Acct 902 (Ln 17 x Ln 15)		120,042	455,648	505	1,186	91,811	6,153
19	Portion of Acct 901 Applicable to Acct 903 (Ln 17 x Ln 16)		137,950	834,872	1,496	2,597	327,370	9,567
	[2] Calculation of **Pension & Benefits** Related to Customer Accounts							
20	Account 926 - Employee Pension & Benefits (Pg 323, Ln 187)		$ 23,724,694	$ 38,097,558	$ 8,354,060	$ 8,570,858	$ 115,712,143	$ 7,324,915
21	Total O&M Payroll (Pg 355, Ln 65)		$ 116,621,416	$ 222,251,966	$ 36,532,693	$ 63,366,179	$ 338,421,095	$ 87,981,507
22	Total Benefits as Percent of Payroll		20.3%	17.1%	22.9%	13.5%	34.2%	8.3%
	Payroll Applicable to Customer Accounts							
	Total Payroll Charged to Customer Accounts Function							
23	Electric (Pg 354, Ln 7)		6,582,592	16,414,627	3,140,575	5,666,365	85,366,508	7,888,565
24	Gas (Pg 354, Ln 37)		2,494,279	14,720,361	2,647,376	2,677,418	-	5,121,044
25	Total Payroll Charged to Customer Accounts		9,076,871	31,134,988	5,787,951	8,343,783	85,366,508	13,009,609
	Percent Applicable to Customer Accounts (903 and 905):							
26	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 903)		137,950	834,872	1,496	2,597	327,370	9,567
27	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		6,841,367	14,254,909	5,596,991	8,716,470	120,610,588	10,983,933
28	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		28,667	309,674	223,985	302,592	-	645,956
29	Subtotal - Total Charges Applicable to Customer Accounts		7,007,984	14,564,583	5,820,976	9,019,062	120,610,588	11,629,889
30	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 902)		120,042	455,648	505	1,186	91,811	6,153
31	Acct 902 - Meter Reading Expenses (Form 1, page 322, line 160)		5,953,252	7,779,904	1,890,408	3,981,834	33,825,388	7,065,186
32	Total Charges Applicable to Customer Accounts & Meter Reading		13,081,278	22,800,135	7,711,889	13,002,082	154,527,787	18,701,228
33	Percent Applicable to Customer Accounts (903 and 905):		53.6%	63.9%	75.5%	69.4%	78.1%	62.2%
34	Customer Accounts Portion of Total Payroll		$ 4,862,718	$ 19,888,835	$ 4,368,777	$ 5,787,773	$ 66,629,471	$ 8,090,394
35	Pension & Benefits Pertaining to Customer Accounts		$ 989,239	$ 3,409,266	$ 999,024	$ 782,849	$ 22,781,792	$ 673,567
	[3] Calculation of **Employer's FICA** Related to Customer Accounts							
36	Customer Accounts Portion of Total Payroll		$ 4,862,718	$ 19,888,835	$ 4,368,777	$ 5,787,773	$ 66,629,471	$ 8,090,394
37	Employers Portion of FICA (From IRS Publication 15 - Employer's Tax Guide)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
38	Total Calculated Employer's Portion of FICA		$ 371,998	$ 1,521,496	$ 334,211	$ 442,765	$ 5,097,155	$ 618,915
	[4] Calculation of CPI Cost Escalator							
39	% Change in 2008 CPI (Schedule 6)		3.84%					
40	% Change in 2009 CPI (Schedule 6)		0.10%					
41	% Change in 2010 CPI (Schedule 6)		1.70%					
42	Cost Escalator Factor 2007 to 2010		1.0571					

Illinois-American Water Company
Customer Accounts Analysis

Line No.	(A)		Indiana: Duke Energy Indiana, Inc (H)	Indiana: Indiana Michigan Power Company (I)	Missouri: The Empire District Electric Company (J)	Missouri: Kansas City Power & Light Company (K)	Missouri: Union Electric Company (L)
	Customer Accounts Expense						
	(2007 FERC Form No. 1)						
1	Acct 901 - Supervision (As Applicable to Customer Accounts Expense)	[1]	$ 117,089	$ 1,378,472	$ 443,125	$ 72,079	$ 973,180
2	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 20,424,866	$ 17,077,474	$ 4,306,182	$ 10,445,176	$ 23,559,069
3	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		$ 71,323	$ 101,472	$ 363,017	$ 6,055	$ 393,593
4	Subtotal		$ 20,613,278	$ 18,557,418	$ 5,112,324	$ 10,523,310	$ 24,925,842
	Add: Employee Benefits & Employer FICA (not included in above amounts)						
5	Account 926 - Employee Pension & Benefits	[2]	$ 3,566,879	$ 869,841	$ 1,088,404	$ 2,027,200	$ 2,742,079
6	Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	[3]	$ 709,267	$ 355,368	$ 221,032	$ 393,265	$ 819,412
7	**Total Customer Accts Expense**		**$ 24,889,424**	**$ 19,782,627**	**$ 6,421,759**	**$ 12,943,775**	**$ 28,487,333**
8	Average Number of Customers (Pg 304, Ln 43)		773,954	581,882	166,497	514,210	1,179,789
9	**Customer Accts Expense per Customer**		**$ 32.16**	$ 34.00	**$ 38.57**	$ 25.17	**$ 24.15**
10	Consumer Price Index Cost Escalator	[4]	1.0571	1.0571	1.0571	1.0571	1.0571
11	**Customer Accts Expense per Customer on 2010 Basis**		$ 34.00	$ 35.94	$ 40.77	$ 26.61	$ 25.53

Footnote

	[1] Allocation of Account 901 Between Meter Reading & Customer Accounts						
12	Acct 902 - Meter Reading (Pg 322, Ln 160)	$	6,609,800	$ 3,635,670	$ 1,510,835	$ 3,687,007	$ 17,397,091
13	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)	$	20,424,866	$ 17,077,474	$ 4,306,182	$ 10,445,176	$ 23,559,069
14	Total of Accts 902 & 903	$	27,034,666	$ 20,713,144	$ 5,817,017	$ 14,132,183	$ 40,956,160
15	% of Acct 901 to Allocate to Acct 902 (Ln 12 ÷ Ln 14)		24.4%	17.6%	26.0%	26.1%	42.5%
16	% of Acct 901 to Allocate to Acct 903 (Ln 13 ÷ Ln 14)		75.6%	82.4%	74.0%	73.9%	57.5%
17	Acct 901 - Supervision (Pg 322, Ln 159)	$	154,981	$ 1,671,939	$ 598,596	$ 97,522	$ 1,691,821
18	Portion of Acct 901 Applicable to Acct 902 (Ln 17 x Ln 15)		37,892	293,467	155,471	25,443	718,641
19	Portion of Acct 901 Applicable to Acct 903 (Ln 17 x Ln 16)		117,089	1,378,472	443,125	72,079	973,180
	[2] Calculation of **Pension & Benefits** Related to Customer Accounts						
20	Account 926 - Employee Pension & Benefits (Pg 323, Ln 187)	$	64,187,707	$ 31,214,137	$ 14,263,924	$ 60,859,546	$ 84,255,317
21	Total O&M Payroll (Pg 355, Ln 65)	$	166,844,415	$ 166,697,050	$ 37,865,334	$ 154,332,016	$ 329,122,912
22	Total Benefits as Percent of Payroll		38.5%	18.7%	37.7%	39.4%	25.6%
	Payroll Applicable to Customer Accounts						
	Total Payroll Charged to Customer Accounts Function						
23	Electric (Pg 354, Ln 7)		12,278,547	5,707,798	3,920,412	6,966,789	15,228,065
24	Gas (Pg 354, Ln 37)		-	-	-	-	3,584,281
25	Total Payroll Charged to Customer Accounts		12,278,547	5,707,798	3,920,412	6,966,789	18,812,346
	Percent Applicable to Customer Accounts (903 and 905):						
26	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 903)		117,089	1,378,472	443,125	72,079	973,180
27	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		20,424,866	17,077,474	4,306,182	10,445,176	23,559,069
28	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		71,323	101,472	363,017	6,055	393,593
29	Subtotal - Total Charges Applicable to Customer Accounts		20,496,189	17,178,946	4,669,199	10,451,231	23,952,662
30	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 902)		37,892	293,467	155,471	25,443	718,641
31	Acct 902 - Meter Reading Expenses (Form 1, page 322, line 160)		6,609,800	3,635,670	1,510,835	3,687,007	17,397,091
32	Total Charges Applicable to Customer Accounts & Meter Reading		27,143,881	21,108,083	6,335,505	14,163,681	42,068,394
33	Percent Applicable to Customer Accounts (903 and 905):		75.5%	81.4%	73.7%	73.8%	56.9%
34	Customer Accounts Portion of Total Payroll	$	9,271,461	$ 4,645,327	$ 2,889,301	$ 5,140,720	$ 10,711,266
35	Pension & Benefits Pertaining to Customer Accounts	$	3,566,879	$ 869,841	$ 1,088,404	$ 2,027,200	$ 2,742,079
	[3] Calculation of **Employer's FICA** Related to Customer Accounts						
36	Customer Accounts Portion of Total Payroll	$	9,271,461	$ 4,645,327	$ 2,889,301	$ 5,140,720	$ 10,711,266
37	Employers Portion of FICA (From IRS Publication 15 - Employer's Tax Guide)		7.65%	7.65%	7.65%	7.65%	7.65%
38	Total Calculated Employer's Portion of FICA	$	709,267	$ 355,368	$ 221,032	$ 393,265	$ 819,412
	[4] Calculation of CPI Cost Escalator						
39	% Change in 2008 CPI (Schedule 6)						
40	% Change in 2009 CPI (Schedule 6)						
41	% Change in 2010 CPI (Schedule 6)						
42	Cost Escalator Factor 2007 to 2010						

Illinois-American Water Company
Customer Accounts Analysis

Line No.	(A)		Ohio		
			Duke Energy Ohio, Inc (M)	Ohio Power Company (N)	Group Average (O)
	Customer Accounts Expense				
	(2007 FERC Form No. 1)				
1	Acct 901 - Supervision (As Applicable to Customer Accounts Expense)	[1]	$ 96,843	$ 1,253,725	$ 5,648,364
2	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 18,254,512	$ 23,346,691	$ 284,418,228
3	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		$ 7,279	$ 36,717	$ 2,490,330
4	Subtotal		$ 18,358,634	$ 24,637,133	$ 292,556,922
	Add: Employee Benefits & Employer FICA (not included in above amounts)				
5	Account 926 - Employee Pension & Benefits	[2]	$ 5,123,287	$ 1,030,723	$ 44,190,042
6	Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	[3]	$ 1,289,239	$ 414,687	$ 12,791,795
7	**Total Customer Accts Expense**		**$ 24,771,160**	**$ 26,082,543**	**$ 349,538,759**
8	Average Number of Customers (Pg 304, Ln 43)		686,578	711,406	10,875,057
9	**Customer Accts Expense per Customer**		**$ 36.08**	**$ 36.66**	**$ 32.14**
10	Consumer Price Index Cost Escalator	[4]	1.0571	1.0571	1.0571
11	**Customer Accts Expense per Customer on 2010 Basis**		**$ 38.14**	**$ 38.76**	**$ 33.98**
	Footnote				
	[1] Allocation of Account 901 Between Meter Reading & Customer Accounts				
12	Acct 902 - Meter Reading (Pg 322, Ln 160)		$ 5,910,289	$ 5,348,894	$ 104,595,558
13	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 18,254,512	$ 23,346,691	$ 284,418,228
14	Total of Accts 902 & 903		$ 24,164,801	$ 28,695,585	$ 389,013,786
15	% of Acct 901 to Allocate to Acct 902 (Ln 12 ÷ Ln 14)		24.5%	18.6%	26.9%
16	% of Acct 901 to Allocate to Acct 903 (Ln 13 ÷ Ln 14)		75.5%	81.4%	73.1%
17	Acct 901 - Supervision (Pg 322, Ln 159)		$ 128,198	$ 1,540,962	$ 7,873,216
18	Portion of Acct 901 Applicable to Acct 902 (Ln 17 x Ln 15)		31,355	287,237	2,224,852
19	Portion of Acct 901 Applicable to Acct 903 (Ln 17 x Ln 16)		96,843	1,253,725	5,648,364
	[2] Calculation of **Pension & Benefits** Related to Customer Accounts				
20	Account 926 - Employee Pension & Benefits (Pg 323, Ln 187)		$ 52,482,158	$ 22,732,455	$ 531,779,472
21	Total O&M Payroll (Pg 355, Ln 65)		$ 172,637,482	$ 119,553,966	$ 2,012,228,031
22	Total Benefits as Percent of Payroll		30.4%	19.0%	26.4%
	Payroll Applicable to Customer Accounts				
	Total Payroll Charged to Customer Accounts Function				
23	Electric (Pg 354, Ln 7)		8,774,665	6,727,321	$ 184,662,829
24	Gas (Pg 354, Ln 37)		13,561,352	-	$ 44,806,111
25	Total Payroll Charged to Customer Accounts		22,336,017	6,727,321	229,468,940
	Percent Applicable to Customer Accounts (903 and 905):				
26	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 903)		96,843	1,253,725	5,648,364
27	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		18,254,512	23,346,691	284,418,228
28	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		7,279	36,717	2,490,330
29	Subtotal - Total Charges Applicable to Customer Accounts		18,261,791	23,383,408	286,908,558
30	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 902)		31,355	287,237	2,224,852
31	Acct 902 - Meter Reading Expenses (Form 1, page 322, line 160)		5,910,289	5,348,894	104,595,558
32	Total Charges Applicable to Customer Accounts & Meter Reading		24,203,435	29,019,539	393,728,968
33	Percent Applicable to Customer Accounts (903 and 905):		75.5%	80.6%	72.9%
34	Customer Accounts Portion of Total Payroll		$ 16,852,801	$ 5,420,751	$ 167,213,002
35	Pension & Benefits Pertaining to Customer Accounts		$ 5,123,287	$ 1,030,723	$ 44,190,042
	[3] Calculation of **Employer's FICA** Related to Customer Accounts				
36	Customer Accounts Portion of Total Payroll		$ 16,852,801	$ 5,420,751	$ 167,213,002
37	Employers Portion of FICA (From IRS Publication 15 - Employer's Tax Guide)		7.65%	7.65%	7.65%
38	Total Calculated Employer's Portion of FICA		$ 1,289,239	$ 414,687	$ 12,791,795
	[4] Calculation of CPI Cost Escalator				
39	% Change in 2008 CPI (Schedule 6)				
40	% Change in 2009 CPI (Schedule 6)				
41	% Change in 2010 CPI (Schedule 6)				
42	Cost Escalator Factor 2007 to 2010				

Sc edule 7.1
Pa e 1 of 1

Ilinois- merican ater Com an
2010 Customer ccounts nal sis[1]

Line No.		ect ccount	C est ear mount C
	Customer Service Costs		
1	Call Center Customer Service		800 5
2	Re ional Customer Service		7 0
	ill Processin Costs C		
	ank Service C ar es	575100	8 250
	Posta e	575 0	1 057 800
5	ill Forms	5 00	5 700
	otal Cost		7 28 815
7	Estimated 2010 Customers		12 51
8	vera e Cost er Customer		2 .

Footnote
[1] Sc edule 7.1 re ared Service Com an

Sc edule 7.2
Pa e 1 of 1

Ilinois- merican ater Com an
Customer ccounts E ense Per Customer

Line No.	Com an Name [a]	E ense Per Customer [ ]
1	Common ealt Edison Com an	1. 8
2	e Em ire istrict Electric Com an	0.77
	io Po er Com an	8.7
	uke Ener io nc.	8.1
5	Central Ilinois Li t Com an	5.
	ndiana Mic i an Po er Com an	5.
7	uke Ener ndiana nc.	.00
8	rou vera e	. 8
	Mid merican Ener Com an	0.00
10	Central Ilinois Pu lic Service Com an	27.
11	ansas Cit Po er Li t Com an	2 . 1
12	nion Electric Com an	25.5
1	Ilinois- merican ater Com an [c]	2 .
1	Ilinois Po er Com an	22.18
15	nterstate Po er and Li t Com an	1 .75

Source
[a] Sc edule 7
[ ] Sc edule 7 Line 11
[c] Sc edule 7.1 Line 8

Illinois-American Water Company
Service Company/Outside Provider Market Cost Comparison

IAWC 2010 Test Year

Line No.	Service Category [a]	Service Company Rate [b]	Market Rate [a]	Hourly Rate Difference -- AWWSC Above/(Below) Market Rate [c]	Forecast of Service Hours [b]	Projected AWWSC Cost Above/(Below) Market [d]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Accounting Services	$ 88	$ 126	$ (38)	46,645	$ (1,772,510)
2	Engineering Services	82	113	(31)	37,640	(1,166,840)
3	Information Technology Services	91	130	(39)	37,629	(1,467,531)
4	Legal Services	136	253	(117)	5,713	(668,421)
5	Management Consulting Services	107	188	(81)	32,299	(2,616,219)
6	**Projected Cost Savings Realized by IAWC through AWWSC**					**$ (7,691,521)**

Source
[a] Schedules 1, 2, 3, 4 and 5
[b] Schedules 1.1, 2.1, 3.1, 4.1 and 5.1
[c] Column B - Column C
[d] Column D x Column E

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Schedule 1
Page 1 of 1

Illinois-American Water Company
Market Analysis - Accounting Services

Line No.	Professional Classification [a]	Market Rate: National [a] [2]	Market Rate: Midwest Firms [a] [1]	Adjusted to 2010 Rate [b]	Time Distribution by Professional Classification [c]	Weighted Average Market Rate [d]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Partners	$ 240	$ 208	$ 220	2%	$ 3
2	Directors	193	171	181	7%	13
3	Managers	156	137	145	35%	51
4	Senior Associates	121	109	115	26%	30
5	Associates	95	89	94	30%	29
6	**Total**				100%	$ 126

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [c]	Rate: Market [e]	AWWSC Rate Above/(Below) Market Rate [f]
	(A)	(B)	(C)	(D)
7	Partners	$ 217	$ 220	$ (3)
8	Directors	149	181	(32)
9	Managers	100	145	(45)
10	Senior Associates	74	115	(41)
11	Associates	63	94	(31)

Source
[a] 2008 AICPA PCPS/TSCPA National MAP Survey
[b] Column C x 1.0571 (Schedule 6, Line 11)
[c] Schedule 1.1
[d] Column D x Column E = Column F
[e] Schedule 1, Column D Above
[f] Column B - Column C

Footnote
[1] Midwest Region firms having net client fees of $2 million or more per year
[2] National refers to all participant firms having net client fees of $2 million or more per year

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2006 NATIONAL MAP SURVEY

National Results Tables
Private and Confidential

	All Firms	National Firms By Revenues						Region			
		<150K	150-299K	300-549K	550-999K	1M-1.99M	2M+	Northeast	South	Midwest	West
Number of firms	2,722	368	505	485	470	425	469	324	991	561	840
Professional Staff -- Full Time											
Number of Staff											
Partners/Owners (inc. PT)	2.41	1.04	1.10	1.29	1.79	2.61	6.51	2.63	2.27	2.75	2.28
Directors (11+ yrs exp)	0.63	0.03	0.06	0.15	0.35	0.65	2.48	0.96	0.59	0.74	0.49
Managers (6-10 yrs exp)	1.22	0.00	0.05	0.20	0.54	1.11	5.27	1.30	1.10	1.61	1.07
Sr Associates (4-5 yrs exp)	1.39	0.01	0.05	0.25	0.53	1.11	6.22	2.33	1.23	1.56	1.09
Associates (1-3 yrs exp)	1.50	0.01	0.09	0.27	0.55	1.20	6.67	1.39	1.25	1.94	1.53
New Professionals	0.44	0.01	0.04	0.11	0.23	0.44	1.79	0.54	0.44	0.35	0.44
Total Professionals	**7.60**	**1.10**	**1.38**	**2.26**	**3.99**	**7.12**	**28.94**	**9.15**	**6.86**	**8.96**	**6.90**
% Who Are CPAs											
Partners/Owners (inc. PT)	98%	99%	98%	98%	98%	98%	97%	97%	99%	96%	98%
Directors (11+ yrs exp)	82%	82%	81%	65%	80%	85%	83%	81%	87%	74%	86%
Managers (6-10 yrs exp)	82%	*	54%	51%	73%	83%	84%	81%	84%	76%	86%
Sr Associates (4-5 yrs exp)	50%	*	48%	38%	42%	52%	51%	40%	51%	55%	51%
Associates (1-3 yrs exp)	17%	*	12%	18%	15%	18%	16%	14%	18%	17%	16%
New Professionals	4%	*	17%	10%	6%	5%	3%	3%	3%	8%	3%
Average Compensated Hours Per FT Professional											
Partners/Owners (inc. PT)	2,190	1,830	2,102	2,218	2,243	2,287	2,372	2,205	2,155	2,284	2,164
Directors (11+ yrs exp)	2,131	1,761	1,978	2,039	2,093	2,148	2,195	2,128	2,116	2,174	2,117
Managers (6-10 yrs exp)	2,135	*	2,084	2,038	2,049	2,130	2,196	2,098	2,117	2,182	2,131
Sr Associates (4-5 yrs exp)	2,097	*	1,753	2,016	1,987	2,107	2,172	2,081	2,109	2,115	2,076
Associates (1-3 yrs exp)	2,039	*	1,866	1,972	1,968	2,025	2,106	2,016	2,026	2,079	2,034
New Professionals	1,803	*	1,616	1,748	1,800	1,760	1,858	1,746	1,766	1,921	1,788
Average Chargeable Hours Per FT Professional											
Partners/Owners (inc. PT)	1,366	1,144	1,417	1,509	1,410	1,340	1,314	1,452	1,361	1,359	1,342
Directors (11+ yrs exp)	1,403	1,276	1,266	1,468	1,465	1,439	1,354	1,432	1,444	1,373	1,360
Managers (6-10 yrs exp)	1,461	*	1,230	1,424	1,440	1,492	1,473	1,538	1,449	1,464	1,441
Sr Associates (4-5 yrs exp)	1,512	*	1,023	1,467	1,458	1,539	1,566	1,540	1,552	1,479	1,479
Associates (1-3 yrs exp)	1,428	*	1,280	1,372	1,376	1,422	1,486	1,446	1,422	1,441	1,414
New Professionals	1,097	*	853	973	1,115	1,101	1,132	1,091	1,129	1,142	1,020
Average Billing Rate											
Partners/Owners (inc. PT)	$171	$111	$135	$156	$179	$195	$240	$175	$157	$153	$197
Directors (11+ yrs exp)	$156	$120	$129	$111	$130	$142	$193	$162	$146	$136	$181
Managers (6-10 yrs exp)	$133	*	$88	$98	$111	$126	$156	$134	$127	$119	$150
Sr Associates (4-5 yrs exp)	$107	*	$78	$91	$96	$100	$121	$111	$102	$98	$118
Associates (1-3 yrs exp)	$85	*	$59	$69	$79	$84	$95	$85	$82	$79	$94
New Professionals	$76	*	$63	$66	$63	$75	$86	$80	$72	$75	$81
Average Compensation											
Partners/Owners (inc. PT)	188,572	57,685	111,832	157,570	203,730	242,085	342,277	200,345	174,491	170,481	213,127
Directors (11+ yrs exp)	91,999	54,027	68,593	68,171	77,885	88,449	111,508	104,385	88,167	80,521	100,206
Managers (6-10 yrs exp)	71,986	*	44,719	57,382	61,478	72,154	81,283	72,599	70,543	66,711	77,822
Sr Associates (4-5 yrs exp)	55,249	*	33,551	51,184	48,989	54,586	60,874	56,916	54,898	49,817	59,735
Associates (1-3 yrs exp)	42,213	*	31,694	36,637	39,483	41,883	45,962	40,456	41,600	39,783	45,698
New Professionals	31,042	*	21,307	27,116	29,366	29,903	33,788	29,491	31,379	31,064	31,288

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2008 NATIONAL MAP SURVEY

Midwest Region Report
Private and Confidential

	All Firms	All Midwest	All Firms with ___ in Net Client Fees in Midwest Region					
			<$150K	$150-$299K	$300-$549K	$550-$999K	$1M-$1.99M	$2M+
Number of firms	2,722	561	62	98	101	102	91	107
Professional Staff -- Full Time								
Number of Staff								
Partners/Owners (inc. PT)	2.41	2.75	1.08	1.10	1.28	1.88	2.71	7.48
Directors (11+ yrs exp)	0.63	0.74	0.03	0.10	0.19	0.42	0.63	2.66
Managers (6-10 yrs exp)	1.22	1.61	0.00	0.07	0.31	0.73	1.31	6.29
Sr Associates (4-5 yrs exp)	1.39	1.56	0.02	0.09	0.26	0.52	1.24	6.31
Associates (1-3 yrs exp)	1.50	1.94	0.03	0.09	0.30	0.43	1.27	8.29
New Professionals	0.44	0.35	0.00	0.01	0.12	0.30	0.34	1.13
Total Professionals	**7.60**	**8.96**	**1.16**	**1.47**	**2.45**	**4.28**	**7.51**	**32.16**
% Who Are CPAs								
Partners/Owners (inc. PT)	98%	96%	97%	97%	98%	98%	99%	95%
Directors (11+ yrs exp)	82%	74%	*	70%	79%	86%	86%	69%
Managers (6-10 yrs exp)	82%	76%	*	57%	58%	73%	83%	76%
Sr Associates (4-5 yrs exp)	50%	55%	*	67%	42%	45%	58%	55%
Associates (1-3 yrs exp)	17%	17%	*	11%	23%	20%	23%	16%
New Professionals	4%	8%	*	*	17%	6%	10%	7%
Average Compensated Hours Per FT Professional								
Partners/Owners (inc. PT)	2,190	2,284	1,870	2,223	2,309	2,296	2,336	2,472
Directors (11+ yrs exp)	2,131	2,174	*	2,030	2,080	2,153	2,180	2,247
Managers (6-10 yrs exp)	2,135	2,182	*	2,065	2,048	2,084	2,214	2,256
Sr Associates (4-5 yrs exp)	2,097	2,115	*	1,837	2,051	2,056	2,139	2,165
Associates (1-3 yrs exp)	2,039	2,079	*	1,780	1,925	2,054	2,033	2,176
New Professionals	1,803	1,921	*	*	1,672	1,995	2,013	1,927
Average Chargeable Hours Per FT Professional								
Partners/Owners (inc. PT)	1,366	1,359	1,054	1,452	1,548	1,418	1,272	1,292
Directors (11+ yrs exp)	1,403	1,373	*	1,230	1,485	1,504	1,329	1,321
Managers (6-10 yrs exp)	1,461	1,464	*	1,289	1,364	1,484	1,495	1,474
Sr Associates (4-5 yrs exp)	1,512	1,479	*	1,159	1,331	1,500	1,509	1,528
Associates (1-3 yrs exp)	1,428	1,441	*	1,150	1,393	1,435	1,386	1,517
New Professionals	1,097	1,142	*	*	963	1,195	1,039	1,221
Average Billing Rate								
Partners/Owners (inc. PT)	$171	$153	$101	$121	$138	$149	$180	$208
Directors (11+ yrs exp)	$156	$136	*	$97	$104	$108	$139	$171
Managers (6-10 yrs exp)	$133	$119	*	$87	$100	$98	$120	$137
Sr Associates (4-5 yrs exp)	$107	$98	*	$84	$87	$85	$96	$109
Associates (1-3 yrs exp)	$85	$79	*	$42	$68	$72	$78	$89
New Professionals	$76	$75	*	*	$64	$62	$76	$83
Average Compensation								
Partners/Owners (inc. PT)	188,572	170,481	46,944	104,755	146,889	181,220	212,509	278,549
Directors (11+ yrs exp)	91,999	80,521	*	61,717	70,236	70,908	75,018	99,560
Managers (6-10 yrs exp)	71,986	66,711	*	46,197	59,383	56,405	70,958	73,001
Sr Associates (4-5 yrs exp)	55,249	49,817	*	35,985	47,658	45,800	51,447	52,772
Associates (1-3 yrs exp)	42,213	39,783	*	25,307	34,211	37,121	39,471	43,656
New Professionals	31,042	31,064	*	*	23,481	32,142	31,300	32,317

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Professional Classification Descriptions

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Deloitte & Touche Market Analysis
Professional Classification Descriptions

Accounting Services

Partner
Audit Partners are equity owners of the firm. Partners are responsible for developing client relationships that result in sales; managing multiple client service teams; working with other partners to market non-audit services to existing clients and develop new business with top executives. Partners are trusted advisors to industry clients and actively participate in industry events, and serve as spokespersons within industry segments. Partners play an active role in staff development and mentoring of staff and participate in firm recruiting efforts. Partners have 11 or more years of audit experience and are licensed CPAs.

Director
Audit Directors are non-equity partners of the firm. Directors are responsible for developing client relationships that result in sales; managing multiple client service teams; working with other partners to market non-audit services to existing clients and develop new business with top executives. Directors are trusted advisors to audit partners and clients in specific industries, and actively participate in industry events, and serve as trusted spokespersons within industry segments. Directors play an active role in staff development and mentoring of staff and participate in firm recruiting efforts. Directors have 11 or more years of audit experience and are licensed CPAs.

Manager
Managers oversee multiple engagements and are responsible for resolving all legal, regulatory, and accounting issues that arise during the audit engagement. Managers have responsibility for the supervision and management of services to clients, which include preparation of audit strategy and business plans, setting budgets, scheduling audits, selecting staff and assigning workloads, and financial reporting. Managers develop and motivate all engagement staff and provide counseling and career guidance. Managers have control over, and exercise wide latitude and discretionary decision-making in establishing the most advantageous course of action for the successful management of audit engagements. Managers draft and assist in the delivery of proposals for engagements and know the range of firm services. Managers have proven deep technical expertise and have developed their reputation in a given industry/service line. Managers provide leadership in the timely delivery of quality services to clients. Managers have 5-10 years of public accounting experience and are CPAs. Managers often have advanced degrees.

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Senior Associates
Senior associates supervise field audit engagements, assist in designing the approach to audits, supervise staff, perform accounting of complex areas of a clients' balance sheet and income statements, oversee the completion of clients' annual reports and interact with clients to discuss field audit issues. Senior associates have 3+ years of Public Accounting experience and are CPAs. Some senior associates have advanced degrees.

Associates
Audit associates develop an understanding of the audit approach, methodology and tools and establish working relationships with client personnel. Associates perform analytical review of audit documents, review client accounting and operating procedures and systems of internal control, identify accounting and auditing issues; perform research to solve issues that arise, prepare financial statement reports and documentation supporting audit opinions, apply concepts of risk assessment, design and perform tests of internal controls and provide recommendations for improved controls and enhanced business efficiency. Associates have ability to prioritize work tasks and work on multiple assignments. Associates work on audit teams under supervised direction of senior associates, managers, directors, and partners. Associates have undergraduate and graduate degrees who may have CPA certification or working toward such certification. Associates have problem solving abilities and strong verbal and written communications skills.

Engineering Services

Drafters
Plans and arranges details on assigned work that is simple to somewhat complex, preparing drawings with views of isometric projections under general supervision; Consolidates details from a variety of sketches, prints, and assembly drawings; and makes necessary calculations following established standards and instructions.

Designers
Carry out design assignments of a routine to moderately complex nature with limited latitude in the use of initiative and independent judgment with immediate supervision; investigate and procure all data required to develop designs and prepare preliminary sketches and/or schematic diagrams; apply all preliminary information and contributing data to develop final design and prepare layout, detail and assembly drawings.

CADD technicians
Carry out drafting assignments of a routine to moderately complex nature with limited latitude in the use of initiative and independent judgment; prepare layouts, drawings, and designs according to engineering specifications using CAD software and review engineering drawings and supporting documentation to verify adherence to standard practices; analyze designs and confer to resolve details not completely defined; retrieve

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information from file and displays on computer using required computer language and type commands to rotate or zoom-in on display to redesign, modify, or otherwise edit existing design; display final drawings to verify completeness, clarity and accuracy; and execute command to transfer drawing dimensions from computer onto hardcopy using peripheral equipment.

Civil engineer
Plans, designs, and supervises construction, maintenance and alteration of structures and facilities such as railroads, roads, airports, bridges, harbors, channels, dams, irrigation projects, pipelines, tunnels, power plants, water and sewerage systems, waste disposal units and similar facilities; Estimates personnel needs and schedules work to meet completion dates and technical specifications; Works out proposals and cost estimates; Evaluates progress and results; Recommends major changes in procedures or objectives; and 1 to 5 years of experience.

Senior civil engineers
Same qualifications as civil engineers and have more than five years of experience.

Electrical engineers
Perform a variety of engineering work in designing, planning and overseeing construction, installation, operation, and maintenance of electric or electronic components, equipment, systems, facilities, and machinery used in generation, transmission, distribution, and utilization of electric energy for domestic, commercial, and industrial consumption.

Planners
Non-engineering professional classification responsible for performance of planning activities including:

- Performing planning research, developing and documenting planning decisions and formulating recommendations regarding projects;
- Presenting planning decisions and recommendations before elected/appointed officials including city councils, private sector, or others regarding public decisions addressing social, economic, or physical change resulting from proposed projects;
- Knowledge and experience with land use policies;
- Completing and filing of required planning reports; and
- Participation in public hearing process.

Planners have reporting responsibility to project manager and possess 1 to 5 years of planning experience. Experience may be in related field of engineering, environmental science, urban planning, or landscape architecture. Planners may not be professionally certified but possess college degrees.

Senior planners
Same qualifications as planners with more than five years of experience.

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Scientists
Have reporting responsibilities to project manager/Department Head/Associate classifications and are responsible for performance of day-to-day chemical, biological, scientific, and environmental activities on projects, as required. Scientists have up to 5 years experience in relevant discipline field (i.e., environmental science, biology, chemical, etc.); are professional certified and hold college degrees.

Senior scientists
Same qualifications as scientist with more than five years of experience.

Project managers
Direct reporting responsibility to Departmental Head classification with responsibility for day-to-day supervision/management of specific project related activities and firm professional and administrative personnel assigned to project. Managers have more limited sales responsibilities than principal/associate/department head classifications and are responsible for day-to-day client service/satisfaction activities. Company equivalent position is a Manager. Project managers have 10-15 years of experience in relevant discipline, are professionally certified and hold college degrees.

Department heads
Lower position level than principal or associate professional classification with direct reporting responsibility to Associate/Principal classification. Department heads are responsible for day-to-day supervision/management of specific departmental/function professional and administrative personnel group and activities and have sales and client service/satisfaction responsibilities. Company equivalent position is Director. Department heads possess 15-20 years of experience in relevant discipline field, are professionally certified and hold college degrees.

Senior Associates
Lower position level than principal in firm and non-equity-owner and have reporting responsibility to Principal classification. Senior associates are responsible for day-to-day management of multiple departmental/functional professional and administrative personnel groups and activities and have sales and client service/satisfaction responsibilities; Company equivalent position would be Director. Senior associates possess 20+ years of experience in relevant discipline, are professionally certified, and hold college degrees.

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Principal
Equity-owner in firm responsible for executive management of all professional and administrative personnel. Principals establish company governance, quality control and operating policies and have significant sales and client service/satisfaction responsibilities. Company equivalent position is Vice President. Principals have in excess of 20 years of experience in relevant discipline, are generally professionally certified, and hold college degrees.

Information Technology Services

Director, IT Process and Change Management
Responsible for the delivery of the IT organization's process improvement and strategic change initiatives. Works with cross-functional IT teams to design, develop, and integrate IT processes and procedures utilizing best practices and industry standard frameworks (e.g., ITIL, COBIT, PMBOK, CMMI). Provides insight and advice on emerging process and control frameworks. Ensures seamless execution of all process improvement and change management related activities across the IT organization by applying process improvement, change management methodologies, communication planning, organizational readiness assessment and stakeholder analyses. Leads the design of the IT organization's overall process structure, including creating a process hierarchy that streamlines IT processes and eliminates redundancy. Provides coaching and guidance to the IT leadership and management team on their roles in each process improvement and change initiative. Acts as a change agent to implement and manage best practices across the IT organization.
Education:
Bachelor's or Master's Degree in Computer Science, Information Systems, Business Administration or other related field. Or equivalent work experience.
Experience:
Typically has 10 to 15 years of IT and business/industry work experience, with at least 3 years of experience in managing multiple, medium to large, cross-functional teams or projects, and influencing senior level management and key stakeholders. Experience in areas such as process design, re-engineering, organizational transformation, Six Sigma and Lean, CMMI, or ITIL.

Configuration Management Analyst
Provides Configuration Management (CM) support for the customer's software baseline control efforts. Maintains the baseline using automated CM tools. Responsible for maintaining project software and documentation inventory and configuration baselines. Establishes and maintains the CM processes and procedures. Defines and implements procedures for releasing products throughout the whole product life cycle. Serves on the Configuration Control Board (CCB). Produces builds of products for use in testing and in production; identifies and implements processes to strengthen, streamline and automate build processes; serves as an advocate for best practices; drives the development and maintenance of build automation tools; maintains the source code change control; performs distribution partner and corporate client set-ups.

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Performs software deficiency and change request updates and reporting. Maintains the project notebook library and software development folders. Tracks and maintains the project change requests, impact assessments, incident reports, and software change notices on a continuous basis. Measures and reports on success metrics benchmarking performance against world class measures. Supports management with technical performance data from the CM process.

Education:

Bachelor's Degree in Computer Science, Information Systems, or other related field. Or equivalent work experience.

Experience:

Typically has 3 to 5 years of IT work experience in systems/application development functions.

Project Manager

Responsible for overall coordination, status reporting and stability of project oriented work efforts. Establishes and implements project management processes and methodologies for the IT community to ensure projects are delivered on time, within budget, adhere to high quality standards and meet customer expectations. Responsible for assembling project plans and teamwork assignments, directing and monitoring work efforts on a daily basis, identifying resource needs, performing quality review; and escalating functional, quality, timeline issues appropriately. Responsible for tracking key project milestones and adjusting project plans and/or resources to meet the needs of customers. Coordinates communication with all areas of the enterprise that impacts the scope, budget, risk and resources of the work effort being managed. Assists Program Manager(s) in partnering with senior management of the business community to identify and prioritize opportunities for utilizing IT to achieve the goals of the enterprise. Must possess extensive knowledge and expertise in the use of project management methodologies and tools, resource management practices and change management techniques. This is a management role with human resource management responsibilities (e.g., hiring, performance management). Manages one or more cross-functional projects of medium to high complexity. More senior role has responsibility for multiple large, complex projects with greater impact to the enterprise.

Education:

Bachelor's Degree in Computer Science, Information Systems, Business Administration, or other related field. Or equivalent work experience. Project Management certification or successful completion of a recognized project management curriculum is required.

Experience:

Typically has 7 to 10 years of IT work experience, including 4 or more years managing projects. Experience with projects in multiple technologies and functions.

Director, Program Management

Responsible for building and managing the project/program management office/function for IT. Defines and develops enterprise-wide IT project/program management practices, governance standards, processes and metrics. Ensures projects/programs are defined, tracked and communicated in a consistent and effective manner. Incorporates effective

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change and risk management controls. Partners with IT and business leadership and other key stakeholders to define opportunities, to identify and prioritize projects based on predefined criteria (return on investment, productivity, compliance). Directs project/program managers with business case development. Responsible for ensuring all projects within IT portfolios/programs are delivered on time, within budget and to an agreed quality level. Must possess extensive knowledge and expertise in project/program management, portfolio management methodologies and tools. This is a single incumbent position that typically exists in a large enterprise with multiple program managers and/or project managers as direct reports.

Education:
Bachelor's or Master's Degree in Computer Science, Business Administration, or other related field. Or equivalent work experience. Project Management certification is required.

Experience:
Typically has 10 to 15 years of IT and business/industry work experience, with at least 3 years of leadership experience and 5 years managing projects and/or project portfolios.

Project Leader

Responsible for overall coordination, status reporting and stability of project oriented work efforts. Establishes and implements project management processes and methodologies for the IT community to ensure projects are delivered on time, within budget, adhere to high quality standards and meet customer expectations. Responsible for assembling project plans and teamwork assignments, directing and monitoring work efforts on a daily basis, identifying resource needs, performing quality review; and escalating functional, quality, timeline issues appropriately. Responsible for tracking key project milestones and adjusting project plans and/or resources to meet the needs of customers. Coordinates communication with all areas of the enterprise that impacts the scope, budget, risk, and resources of the work effort being managed. Assists Project Manager(s) and/or Program Manager(s) in identifying and prioritizing opportunities for utilizing IT to achieve the goals of the enterprise. Must possess advanced knowledge and proficiency in the use of project management methodologies and tools, resource management practices and change management techniques. This is an individual contributor role without human resource management responsibilities (e.g., hiring, performance management). Manages one or more projects of medium to high complexity. More senior role has responsibility for large, complex, cross-functional or multiple projects with greater impact to the enterprise.

Education:
Bachelor's Degree in Computer Science, Information Systems, Business Administration, or other related field. Or equivalent work experience.

Experience: Typically has 3 to 5 years of IT work experience, including 2 or more years managing projects.

Release/Build Engineer

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Develops and maintains the build environment, the source code control system and the issue tracking systems. Creates and tests builds, resolves issues, applies labels to file and communicates build status. Responsible for building scripts and installation procedures. Proactively identifies and implements procedures to streamline the build process which may drive the development and maintenance of an automated build process with automatic notification of build and unit test failure problems to responsible engineers. May assist engineering management in making choices for source code management systems, and other development and testing tools. Knowledge of quality methods and procedures as well as PC, PVCS, UNIX and scripting languages is required for successful performance in this role.

Education:
Bachelor's Degree in Computer Science, Information Systems, or other related field. Or equivalent work experience.

Experience:
Typically has 3 to 5 years of IT work experience with at least 2 years related to release management. Proficient in the use of project management, spreadsheet and database query tools. Has subject matter expertise in release management process.

Legal Services

Partner
A licensed attorney with 10 or more years of experience involving broad based legal knowledge and expertise in one or more specialized areas of practice. A partner's experience includes supervisory responsibility for cases or matters and for advising senior levels of management in connection with such matters.

Associate
A licensed attorney other than a partner, normally with fewer than 10 years of experience.

Paralegal
A non-attorney, who, under supervision of assigned attorneys, provides general assistance to a project team of attorneys, including performance of litigation support, case management, billing support, and documents and records managements.

Management Consulting Services

Junior Partners
Typically individuals occupying key positions in the business development, practice development, client relations and/or management of engagements.

Senior Management Consultants
Typically individuals who are senior members of the firm who are not yet considered part of the ownership structure, but who play a significant role in the day-to-day management of engagements, have continuing contact with clients, and are expected to participate in

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developing solutions to client problems, writing final reports, and making client presentations.

Management Consultants
Typically individuals who have served as consultants beyond an entry-level apprenticeship. While not yet in a position for taking on significant project management or client relations responsibilities, such persons have learned the fundamental disciplines of consulting and are able to work on important tasks with little direction supervision.

Entry Level Consultants
Typically individuals in the first or second year of consulting; usually require close direction and supervision and may be recipients of a graduate degree, with or without prior business experience.

Research Associates
Typically full-time members of the consulting staff whose primary functions involve secondary source research and statistical analysis; have limited or no client exposure, and typically hold a college degree.

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Deloitte Service Company Cost Study

Market Analysis AWWSC

Mapping Process Document

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Assignment of market based titles to AW positions:

American Water Works Service Company, Inc. ("Service Company") position titles were mapped to market positions defined by Deloitte & Touche[1] based on market research described in the Service Company Cost Study prepared for Illinois American Water Company. The mapping into the market categories was accomplished in cooperation with Deloitte & Touche based on consideration of responsibilities and the required education, training and experience levels for Service Company positions as compared to those applicable to the respective market categories.

The mapping process was carried out in several steps: Stratification of the Service Company positions was performed to develop an initial hierarchy of positions from the highest levels to the lowest. This was done based on the hierarchy of Service Company position titles (Senior Vice President, Vice President, Director, Manager, Team Lead, Senior Professional, Intermediate Professional, Professional) in the various functions. The Service Company's pay scales are separated into a number of salary bands[2], which are related to the level of responsibility, complexity, training and experience necessary to fulfill a given position. One of these salary bands is utilized as a basis for the cash compensation for any given position within the company. Thus the salary band which is assigned to that position is one meaningful indicator of the relative level at which it would be placed when mapped to a survey. American Water has salary ranges ML3 to ML5 and L06 to L16. The lower number corresponds to higher salaries and higher positions within the company. Levels ML3 to ML5 represent executive positions. The salary band information was used to more precisely map service company titles which were not easily assignable to market titles. Examples of such titles are "Superintendent", "Supervisor", "Trainer" or "Coordinator. In such cases the salary band information provides another indicator of the level of responsibility involved in a position, which assisted in proper mapping.

Position titles in salary bands above L11 do not have corresponding market titles. One primary working assumption for this issue is that the salary bands L12 and above primarily represent support positions for professionals. Therefore the mapping was done for AW positions in salary bands ML3 to ML5 and L06 to L11. The lone exception to this working assumption occurred in regard to the Belleville Lab analysis. At the lab, a number of clerical positions exist that have responsibility for sample management and do not operate as direct administrative support for the Lab Director nor for the laboratory analysts. For market comparison purposes, these were not

[1] Deloitte & Touche is the lead consultant engaged by Illinois American Water Company to perform the market comparison analysis.
[2] The Human Resources function performs ongoing studies of position levels, responsibilities and salary information to provide a framework for assigning positions to salary levels on a fair and consistent basis and establish and maintain salary ranges that are competitive in the marketplace.

included in lab overheads and added to the hourly rates of the professional positions at the lab. The title used was "Research Associate".

The market positions were matched to relevant Service Company positions using the available information. The initial mapping was reviewed by functional leads within the various types of functions.

Service Company Salary Bands:

Band No.	Type
ML3	Senior Executive
ML4	Vice Presidents
ML5	Directors
L06	Managers
L07	Team Leads
LO8	Senior
L09	Intermediate
L10	Entry
LO11	Entry

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Comparisons to Service Company Positions:

There were 5 different market areas identified by Deloitte & Touche:
1) Engineering and Scientific
2) Finance and Accounting
3) Information Technology
4) Legal
5) Management Consulting

Engineering and Scientific Area data:

Deloitte & Touche defined the following market categories which had comparable positions within Service Company:

Market Title
Drafter
Designer
CADD Technician
Civil Engineer
Senior Civil Engineer
Electrical Engineer
Planner
Senior Planner
Scientist
Senior Scientist
Project manager
Department Head
Associate
Senior Associate
Principal

Mapping was performed for this area based on titles and comparable job duties within the Service Company. For instance, Service Company positions described as "Engineer" in a functional department related to design or construction of facilities would be classified as a "Civil Engineer" to match the market data. The same considerations would be given to a Service Company "Senior Engineer" position, by classifying it as a "Senior Civil Engineer" in most cases. Titles beginning with "Manager", of Engineering, Operations, Maintenance, or Water Quality, were classified as "Senior Engineers", or Senior Scientists, depending on the appropriate discipline. Managers with higher salary bands, L06 were classified as "Senior Associates – E". Directors of Engineering, Operations, Maintenance, etc were classified as "Senior Associates – E", or "Department Heads – E".

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Finance and Accounting Area

Market Titles in the Finance and Accounting Area hav e the following categories which had comparable positions within Service Company:

Market Title	Yrs Exp
Associate - F	1-3
Senior Associate - F	4-5
Manager - F	6-10
Director - F	11+
Partner - F	

Position titles for these positions were matched up based on education and experience required for the position. An "Associate" (entry level) position would match up with Service Company positions in salary bands L10 and L11. Service Company position titles of Financial Analyst, Accountant, or Analyst were considered comparable, as these are entry level professional positions, requiring primarily a college degree. .

A "Senior Associate - F" financial position would match up with Service Company positions in salary band L09. Such positions would be mid-level professional positions in finance or an accounting related function, with more than several years of experience. Service Company titles in this category would be Intermediate Financial Analyst, Intermediate Accountant.

A "Manager - F" position would match up with Service Company positions in salary bands L07 and L08. Such positions would be high level professional positions in finance or an accounting related function, with many years of experience and with supervisory responsibilities over several or more professionals in various lower levels. Service Company titles in this category would be Senior Financial Analyst, Senior Accountant or Team Lead.

A "Director - F" position would match up with Service Company positions in salary bands L05, L06 and L07. Such positions would be high level professional leaders in a finance or accounting related function, with many years of experience and in a highly responsible position, including supervisory responsibilities over several or more professionals in various lower levels. Service Company titles in this category would be Manager or Director of a function, reporting directly to a functional leader. There are a number of Service Company "Manager" titles in this market position category because they include higher levels of expertise and reporting at a higher level within the company..

A "Partner - F" position would match up with Service Company positions in salary band ML4. Such positions would be high level professional leaders in finance or an accounting related function, with many years of experience. Typical titles would be Vice President of a significant

element of the Accounting or Finance function. Also these would be functional leadership positions and with some executive and supervisory responsibilities over several or more professionals at a "Director" and/or "Manager" level. Service Company titles in this category would be "Vice President" of a function, reporting directly to corporate executive officers.

Legal Area
Market categories in the Legal area which had comparable positions within Service Company are as follows:

Market Title

Paralegal - L
Associate - L
Partner - L

Based on the market category definitions provided by Deloitte & Touche, seven attorneys in the Service Company were categorized as being at a "Partner" level. This implies highly responsible involvement at the most senior levels of management within Service Company, and significant policy decision making authority. The balance of Service Company attorney positions have been classified as "Associates L". Paralegals are all in the one "Paralegal" category.

Management Consulting Area
Titles in the Management Consulting area have the following categories which had comparable positions within Service Company:

Market Title

Research Associate
Jr Consultant - MC
Consultant - MC
Sr Consultant - MC
Jr Partner - MC
Sr Partner - MC

These were applied to non-financial and primarily non-technical positions across the company, although some junior employees in the laboratory (as noted above), engineering and operations functions were assigned as "Research Associates". Functional categories of Administration, Business Development, Communications, Customer Service, Human Resources all have positions that have been aligned with Management Consultant titles. Position titles for these positions were mapped based on function type and Service Company position title comparison.

A "Research Associate" position would align with Service Company positions in salary bands L09 through L11. These positions are primarily entry level jobs which have Service Company titles such as HR Generalist, HR Trainer, Research Analyst, Support Services Analyst and Senior Benefits Specialists.

A "Junior Consultant - MC" position would align with Service Company positions in salary bands L09 and L10. Such positions would be similar to the Research Associate, but with several more years experience. The title would now be a "Senior" HR Generalist, HR Trainer, Research Analyst, or Support Services Analyst.

A "Consultant - MC" position would match up with Service Company positions in salary bands L07 and L08. Such positions would be high level professional positions in Administration, Business Development, Communications, Customer Service, Human Resources, with many years of experience and with supervisory responsibilities over several or more professionals in various lower levels. Service Company titles in this category would be Manager of a specialty within a function, such as Manager of Internal Communications, Manager of Building Services for a location, or Manager of Training and Development.

A "Senior Consultant - MC" position would align with Service Company positions in salary bands L05 and L06. Such positions would be high level professional leaders in a general business related function, with many years of experience and in highly responsible position and with supervisory responsibilities over several or more professionals in various lower levels. Service Company titles in this category would be Senior Manager or Director of a function such as Administration, Business Development, Communications, Customer Service or Human Resources, reporting directly to a functional leader.

A "Junior Partner - MC" position would align with Service Company positions in salary band ML4. Such positions would be high level professional leaders in a general business related function, with many years of experience and functional leadership positions and with supervisory responsibilities over several or more professionals in various lower levels. Service Company titles in this category would be Vice President of a function, or a Corporate Director, reporting directly to corporate officers.

A "Senior Partner - MC" position would match up with Service Company positions in salary band ML3. Such positions would be executives in Administration, Business Development, Communications, Customer Service or Human Resources, with Regional Oversight or Corporate Departmental responsibilities reporting to the CEO or COO. Service Company titles in this category would be Executive or Senior Vice President of a function.

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IT Market Area

All Service Company IT positions were mapped to market positions defined by Deloitte & Touche. The mapping was accomplished based on consideration of position responsibilities, educational requirements and certification requirements, as well as required experience, knowledge and skills. The Service Company IT organization provided guidance and validation of the accuracy of the mapping.

Additional information regarding the mapping process is provided below.

There are several levels of responsibility within the organization. There are 4 Senior Vice Presidents, a President of Regulated Operations, and two Divisional Executive Vice Presidents of Regulated Operations, with overall responsibility for the major functions within the Service Company. Such individuals work with the Service Company President (and Board of Directors) in setting and managing the overall strategic direction of the Service Company. Each of these individuals may have organizational responsibility for anywhere from 50 to 700 or more or more employees performing the function under their direction. Such individuals are highly qualified, accomplished leaders in the industry, with many years experience in their field of expertise. These would correspond with an Owner/Partner/Principal/Senior Partner for a firm in the market surveys which would provide similar services.

Next there are 15 Service Company Vice Presidents and 22 Directors, which are responsible for the significant elements of the major functions. These individuals report directly to the President, or a Senior Vice President of the Service Company or the parent company, or the President of Regulated Operations. Examples would be the Vice President of Finance and Treasurer, who oversees a subset of Financial services, and reports to the Chief Financial Officer of American Water Works Company, Inc., or the Corporate Director of External Affairs, who reports to the Senior Vice President of External Affairs. Such positions are responsible for a significant element of a larger function. They are highly responsible positions, and may include oversight of a large number of employees performing services under their direction. Individuals in such positions would also have many years of successful experience in their field of expertise. These positions would correspond to a Senior Associate or Department Head within an engineering consulting firm, or a Director within an Accounting or Financial services firm, or a Junior Partner in a Management Consulting firm.

Third, there are Directors and Managers of other functions, who report to a Service Company Vice President, and have correspondingly less responsibility than the levels of management above them, both in terms of breadth of functional responsibility, and numbers of employees under their direction. These would correspond to a Senior Engineer, Project Manager or

Associate within an engineering consulting firm, or a Director/Manager within an Accounting or Financial services firm, or a Senior Consultant in a Management Consulting firm.

Fourth, there are Managers and Team Leads who coordinate the work of several professionals under the general direction of a Director or Vice President level employee. These individuals would have at least several years experience, or many years experience, and appropriate licensure in their field. These would correspond to an Engineer or Designer within an engineering consulting firm, or a Manager/Senior Associate within an Accounting or Financial services firm, or a Management Consultant in a Management Consulting firm.

Finally, there are professionals with at least an undergraduate degree performing services that hold the titles of Engineer, Accountant or Financial analyst, or Analyst of a function such as External Affairs, who correspond with entry level titles from the market surveys, such as Technician, Associate, Junior Consultant or Research Associate.

As noted earlier, using the organizational level of a given position enabled the placement of all titles in a fairly narrow category of comparable titles. Then, all relevant information available was used to refine position mapping by comparing the market position information with Service Company position information such as required education, experience and position responsibilities. Functional leaders reviewed the mapped titles.

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Schedule 1

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Additional Survey Information

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NLJ 250 Methodology

11-10-2008

This is *The National Law Journal*'s 31st annual survey of the nation's 250 largest law firms, covering the period of Oct. 1, 2007, to Sept. 30, 2008. While most of the charts in the NLJ 250 are self-explanatory, here is some information about the process, the criteria and the definitions.

The *NLJ* sent surveys to approximately 300 law firms and solicited survey submissions to determine the 250 largest.

Eligibility for the NLJ 250 is based on a firm's total number of attorneys, not including contract or temporary attorneys. The cutoff point this year is 174. Also, a firm must have more lawyers based in the United States than in any other single country to qualify.

Firms are ranked by the total number of full-time equivalent (FTE) attorneys, rather than just full-time attorneys. In some cases, due to rounding, this calculation resulted in slightly higher or lower numbers than the figures submitted by the law firms.

In case of a tie, we rank firms by the actual number of attorneys, before rounding. If a tie still exists, we rank firms by the total number of partners and then by the number of equity partners. The city listed under the firm name is the firm's principal or largest office.

"Number of attorneys" reflects permanent, FTE attorneys. The first column in the "Partners" category is the total number of partners, including the nonequity partners (NE) listed in the adjacent column. The same is true for the chart reflecting overall partner and nonequity partner growth.

The "Other" category includes the total number of nonpartner, nonassociate lawyers at the firm. Generally, this includes counsel, of counsel, senior counsel and staff attorneys.

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In some instances, NLJ 250 firms merged. In those cases, the 2007 data are taken from the firm that was larger.

"Starting salary" lists the base salary for a first-year associate. Some firms vary depending on branch office.

A "WND" or "N/A" in any column indicates that the firm would not disclose the data or it was not available. The "Branch Offices" section lists the total number of attorneys in each city where the firm has offices. A zero indicates that less than one full-time attorney works in that city.

Minor discrepancies between the total number of attorneys at a firm and the total number of attorneys reported in branch offices are due to rounding FTE figures.

Firms marked with an asterisk have data obtained from the National Association for Law Placement online 2008/2009 Directory of Legal Employers as of October 2008. Firms marked with a plus sign have data obtained from the firm's Web site as of October 2008.

Incisive Media Research Editor Rosemarie Clancy oversaw the NLJ 250 survey project. Data analyst John O'Connor conducted the research with research assistant Jeuneille Chand.

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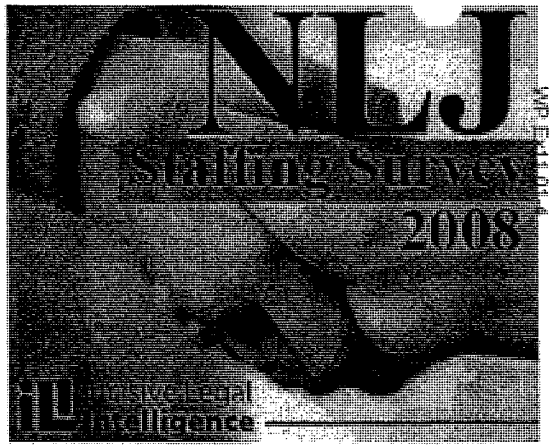

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Rank	Firm	Principal City	Attorneys	Starting Salaries
1	DLA Piper	Chicago	3,785	$145,000 to $160,000
2	Baker & McKenzie	Chicago	3,627	$160,000
3	Jones Day	Washington	2,523	$145,000 to $160,000
4	Latham & Watkins	New York	2,322	$160,000
5	Skadden, Arps, Slate, Meagher & Flom	New York	2,251	$160,000
6	White & Case	New York	2,205	WND
7	Sidley Austin	Chicago	1,877	$160,000
8	Greenberg Traurig	New York	1,840	WND
9	Mayer Brown+	Chicago	1,809	WND
10	K&L Gates	Pittsburgh	1,726	$90,000 to $160,000
11	Reed Smith*	Pittsburgh	1,558	WND
12	Kirkland & Ellis	Chicago	1,490	$160,000

13	Dewey & LeBoeuf	New York	1,455	$160,000
14	Morgan, Lewis & Bockius	Philadelphia	1,441	$145,000 to $160,000
15	Weil, Gotshal & Manges	New York	1,359	$160,000
16	Morrison & Foerster	San Francisco	1,202	$160,000
17	O'Melveny & Myers	Los Angeles	1,193	$160,000
18	McDermott Will & Emery	Chicago	1,187	$160,000
19	Wilmer Cutler Pickering Hale and Dorr	Washington	1,180	$160,000
20	Hogan & Hartson	Washington	1,175	$160,000
21	Paul, Hastings, Janofsky & Walker	New York	1,175	$160,000
22	Holland & Knight	Miami	1,094	$90,000 to 160,000
23	Orrick, Herrington & Sutcliffe	New York	1,076	$160,000
24	Foley & Lardner	Milwaukee	1,032	$120,000 to $160,000
25	Dechert	Philadelphia	1,019	$145,000 to $160,000
26	Winston & Strawn	Chicago	1,004	$160,000
27	Cleary Gottlieb Steen & Hamilton	New York	1,000	$160,000
28	King & Spalding	Atlanta	992	$145,000 to $160,000
29	Akin Gump Strauss Hauer & Feld	Washington	983	$160,000
30	Hunton & Williams	Richmond, Va.	950	$145,000 to $160,000
31	Gibson, Dunn & Crutcher	Los Angeles	948	$160,000
32	Alston & Bird	Atlanta	924	$145,000 to $160,000
33	Bingham McCutchen	Boston	903	$160,000
34	Fulbright & Jaworski	Houston	896	$140,000 to $160,000
35	McGuireWoods	Richmond, Va.	880	$110,000 to $160,000
36	Shearman & Sterling	New York	870	$160,000
37	Simpson Thacher & Bartlett	New York	869	$160,000
38	Squire, Sanders & Dempsey	Cleveland	856	$120,000 to $160,000
39	Bryan Cave	St. Louis	852	$110,000 to $160,000
40	Ropes & Gray	Boston	843	$160,000
41	Baker Botts	Houston	827	$160,000
42	Proskauer Rose	New York	784	$110,000 to $160,000
43	Goodwin Procter	Boston	781	$160,000
44	Davis Polk & Wardwell	New York	774	$160,000
45	Debevoise & Plimpton	New York	772	$160,000
46	Vinson & Elkins	Houston	759	$160,000
47	Wilson Elser Moskowitz Edelman & Dicker	New York	752	WND
48	Seyfarth Shaw	Chicago	750	$130,000 to $160,000
49	Sullivan & Cromwell	New York	748	$160,000
50	Howrey	Washington	743	$135,000 to $160,000

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Rank	Firm	Principal City	Attorneys	Starting Salaries
51	Paul, Weiss, Rifkind, Wharton & Garrison	New York	732	$160,000
52	Littler Mendelson	San Francisco	722	WND
53	Pillsbury Winthrop Shaw Pittman	New York	710	$145,000 to $160,000
54	Locke Lord Bissell & Liddell	Dallas	707	$145,000 to $160,000
55	Nixon Peabody	Boston	699	$100,000 to $160,000
56	Drinker Biddle & Reath	Philadelphia	685	$145,000 to $160,000
57	Troutman Sanders	Atlanta	683	$130,000 to $160,000
58	Fried, Frank, Harris, Shriver & Jacobson	New York	675	$160,000
59	Sonnenschein Nath & Rosenthal	Chicago	671	$110,000 to $160,000
60	Dorsey & Whitney	Minneapolis	670	$75,000 to $160,000
61	Willkie Farr & Gallagher	New York	669	$160,000
62	Covington & Burling	Washington	662	$160,000

63	Katten Muchin Rosenman	Chicago	658	$130,000 to $160,000
64	Milbank, Tweed, Hadley & McCloy	New York	657	$160,000
65	Lewis Brisbois Bisgaard & Smith	Los Angeles	654	WND
66	Arnold & Porter	Washington	651	$160,000
67	Perkins Coie	Seattle	632	$85,000 to $160,000
68	Husch Blackwell Sanders	St. Louis	629	$83,000 to $160,000
69	Wilson Sonsini Goodrich & Rosati	Palo Alto, Calif.	620	$145,000 to $160,000
70	Cooley Godward Kronish	Palo Alto, Calif.	618	$160,000
71	Cadwalader, Wickersham & Taft	New York	610	$160,000
72	Duane Morris	Philadelphia	594	$145,000
73	Baker & Hostetler	Cleveland	594	$105,000 to $160,000
74	Edwards Angell Palmer & Dodge	Boston	576	$130,000 to $160,000
75	Venable	Washington	569	$160,000
76	Ballard Spahr Andrews & Ingersoll	Philadelphia	554	$133,000 to $155,000
77	Cravath, Swaine & Moore	New York	554	$160,000
78	Thelen*	New York	553	WND
79	Baker, Donelson, Bearman, Caldwell & Berkowitz	Memphis, Tenn.	549	$92,000 to $100,000
80	Kaye Scholer	New York	530	$160,000
81	Patton Boggs	Washington	529	$104,000 to $160,000
82	Buchanan Ingersoll & Rooney	Pittsburgh	529	$105,000 to $160,000
83	Shook, Hardy & Bacon	Kansas City, Mo.	520	$105,000 to $145,000
84	Jackson Lewis	White Plains, N.Y.	517	WND
85	Pepper Hamilton	Philadelphia	514	$125,000 to $155,000
86	Steptoe & Johnson LLP	Washington	506	$125,000 to $160,000
87	Womble Carlyle Sandridge & Rice	Winston-Salem, N.C.	505	$115,000 to $145,000
88	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo	Boston	504	$160,000
89	Blank Rome	Philadelphia	503	$145,000 to $160,000
90	Faegre & Benson	Minneapolis	502	$100,000 to $120,000
91	Haynes and Boone	Dallas	495	$160,000
92	Akerman Senterfitt	Miami	484	$95,000 to $150,000
93	Jenner & Block	Chicago	482	$160,000
94	Chadbourne & Parke	New York	481	$160,000
95	Schulte Roth & Zabel	New York	481	$160,000
96	Cozen O'Connor	Philadelphia	478	$135,000
97	Hinshaw & Culbertson	Chicago	477	$65,000 to $100,000
98	Davis Wright Tremaine	Seattle	467	$110,000 to $150,000
99	Kilpatrick Stockton	Atlanta	466	$135,000 to $160,000
100	Sheppard, Mullin, Richter & Hampton	Los Angeles	458	$160,000

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Rank	Firm	Principal City	Attorneys	Starting Salaries
101	Thompson & Knight	Dallas	458	$160,000
102	Quarles & Brady	Milwaukee	450	$115,000 to $145,000
103	Fox Rothschild	Philadelphia	440	$110,000 to $125,000
104	Snell & Wilmer	Phoenix	440	$120,000 to $160,000
105	McKenna Long & Aldridge	Atlanta	435	$145,000 to $160,000
106	Sutherland Asbill & Brennan	Atlanta	429	$100,000 to $160,000
107	Ogletree, Deakins, Nash, Smoak & Stewart	Greenville, S.C.	428	WND
108	Fish & Richardson	Boston	428	WND
109	Barnes & Thornburg*	Indianapolis	427	WND
110	Bracewell & Giuliani	Houston	425	$160,000
111	Marshall, Dennehey, Warner, Coleman & Goggin	Philadelphia	408	WND
112	Crowell & Moring	Washington	408	$160,000

113	Andrews Kurth	Houston	407	$160,000
114	Holland & Hart	Denver	406	$73,000 to $120,000
115	Day Pitney	Florham Park, N.J.	405	WND
116	Dickstein Shapiro	Washington	403	$160,000
117	Kutak Rock	Omaha, Neb.	399	$70,000 to $120,000
118	McCarter & English	Newark, N.J.	399	$135,000
119	Thompson Hine	Cleveland	396	$115,000 to $145,000
120	Schiff Hardin	Chicago	395	$160,000
121	Vorys, Sater, Seymour and Pease	Columbus, Ohio	392	$100,000 to $125,000
122	Nelson Mullins Riley & Scarborough	Columbia, S.C.	391	$110,000 to $145,000
123	Miller, Canfield, Paddock and Stone	Detroit	387	$100,000
124	Quinn Emanuel Urquhart Oliver & Hedges	Los Angeles	382	$160,000
125	Sedgwick, Detert, Moran & Arnold	San Francisco	380	WND
126	Kelley Drye & Warren	New York	378	$145,000 to $160,000
127	Dykema Gossett	Detroit	374	$105,000 to $135,000
128	Epstein Becker & Green	New York	372	WND
129	Kramer Levin Naftalis & Frankel	New York	372	$160,000
130	Finnegan, Henderson, Farabow, Garrett & Dunner	Washington	366	$160,000
131	Manatt, Phelps & Phillips	Los Angeles	358	$160,000
132	Stroock & Stroock & Lavan	New York	357	$165,000
133	Stoel Rives	Portland, Ore.	350	$115,000 to $125,000
134	Dinsmore & Shohl	Cincinnati	347	$83,000 to $115,000
135	Jackson Walker	Dallas	345	WND
136	Thompson Coburn	St. Louis	344	$120,000 to $135,000
137	Frost Brown Todd	Cincinnati	342	WND
138	Baker & Daniels	Indianapolis	342	$100,000 to $130,000
139	Taft Stettinius & Hollister	Cincinnati	337	$107,500 to $112,500
140	Arent Fox	Washington	336	$160,000
141	Hughes Hubbard & Reed	New York	334	$145,000 to $160,000
142	Williams Mullen	Richmond, Va.	326	$117,000 to $137,000
143	Stinson Morrison Hecker	Kansas City, Mo.	324	$84,000 to $115,000
144	Gordon & Rees	San Francisco	322	$80,000 to $105,000
145	Loeb & Loeb	New York	310	$160,000
146	Polsinelli Shalton Flanigan Suelthaus	Kansas City, Mo.	304	$105,000 to $130,000
147	LeClairRyan	Richmond, Va.	300	WND
148	Moore & Van Allen	Charlotte, N.C.	300	$130,000 to $145,000
149	Wolf, Block, Schorr and Solis-Cohen	Philadelphia	298	$120,000 to $145,000
150	Cahill Gordon & Reindel	New York	287	WND

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151	Kasowitz, Benson, Torres & Friedman	New York	286	$160,000
152	Carlton Fields	Tampa, Fla.	281	$100,000 to $145,000
153	Gardere Wynne Sewell	Dallas	281	$160,000
154	Winstead	Dallas	281	$135,000
155	Lathrop & Gage	Kansas City, Mo.	281	$102,000
156	Thacher Proffitt & Wood*	New York	280	WND
157	Lowenstein Sandler	Roseland, N.J.	278	$140,000
158	Eckert Seamans Cherin & Mellott	Pittsburgh	273	$90,000
159	Stites & Harbison	Louisville, Ky.	272	WND
160	Fenwick & West	Mountain View, Calif.	271	$145,000 to $160,000
161	Robins, Kaplan, Miller & Ciresi	Minneapolis	267	$120,000 to $145,000
162	Vedder, Price, Kaufman & Kammholz	Chicago	265	$160,000

163	Jones, Walker, Waechter, Poitevent, Carrère & Denegre	New Orleans	264	$95,000
164	Adorno & Yoss+	Miami	262	WND
165	Wiley Rein	Washington	262	$125,000 to $160,000
166	Ice Miller	Indianapolis	262	$100,000 to $130,000
167	Bell, Boyd & Lloyd	Chicago	260	$160,000
168	Phelps Dunbar	New Orleans	258	$95,000 to $106,000
169	Bradley Arant Rose & White	Birmingham, Ala.	255	$105,000
170	Adams and Reese	New Orleans	253	$95,000 to $132,000
171	Armstrong Teasdale	St. Louis	252	$110,000
172	Porter Wright Morris & Arthur	Columbus, Ohio	251	$105,000 to $125,000
173	Foley Hoag	Boston	251	$160,000
174	Knobbe, Martens, Olson & Bear	Irvine, Calif.	249	$145,000
175	Parker Poe Adams & Bernstein	Charlotte, N.C.	248	$115,000 to $130,000
176	Allen Matkins Leck Gamble Mallory & Natsis	Los Angeles	247	$160,000
177	Balch & Bingham	Birmingham, Ala.	244	WND
178	Butzel Long	Detroit	243	$110,000
179	Boies, Schiller & Flexner	New York	237	WND
180	Brownstein Hyatt Farber Schreck	Denver	235	$95,000 to $135,000
181	Williams & Connolly	Washington	235	$180,000
182	Curtis, Mallet-Prevost, Colt & Mosle	New York	235	$125,000 to $160,000
183	Honigman Miller Schwartz and Cohn	Detroit	234	$120,000
184	Fredrikson & Byron	Minneapolis	233	$70,000 to $120,000
185	McElroy, Deutsch, Mulvaney & Carpenter	Morristown, N.J.	232	$110,000
186	Saul Ewing	Philadelphia	231	$125,000 to $135,000
187	Wachtell, Lipton, Rosen & Katz	New York	231	WND
188	Gibbons	Newark, N.J.	230	$130,000
189	Michael Best & Friedrich	Milwaukee	229	$125,000 to $135,000
190	Dickinson Wright	Detroit	228	$100,000
191	Holme Roberts & Owen	Denver	228	$120,000 to $145,000
192	Irell & Manella	Los Angeles	228	$160,000
193	Roetzel & Andress	Akron, Ohio	227	$95,000 to $115,000
194	Hodgson Russ	Buffalo, N.Y.	227	$90,000 to $125,000
195	Townsend and Townsend and Crew	San Francisco	227	$160,000
196	Miles & Stockbridge	Baltimore	224	$115,000 to $140,000
197	Chapman and Cutler	Chicago	219	$140,000 to $160,000
198	White and Williams	Philadelphia	216	WND
199	Warner Norcross & Judd	Grand Rapids, Mich.	215	$100,000
200	Robinson & Cole	Hartford, Conn.	215	$115,000 to $130,000

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201	Waller Lansden Dortch & Davis	Nashville, Tenn.	214	WND
202	GrayRobinson	Orlando, Fla.	213	$75,000 to $105,000
203	Brown Rudnick	Boston	213	$160,000
204	Bass, Berry & Sims	Nashville, Tenn.	211	$110,000
205	Burr & Forman	Birmingham, Ala.	208	$95,000 to $130,000
206	Fisher & Phillips	Atlanta	208	$90,000 to $125,000
207	Neal, Gerber & Eisenberg	Chicago	204	$145,000
208	Shutts & Bowen	Miami	203	$105,000 to $120,000
209	Choate, Hall & Stewart	Boston	202	WND
210	McKee Nelson	New York	202	$160,000
211	Fowler White Boggs Banker	Tampa, Fla.	201	$95,000
212	Reinhart Boerner Van Deuren	Milwaukee	201	$125,000 to $135,000

213	Lewis and Roca	Phoenix	199	$120,000
214	Miller & Martin	Chattanooga, Tenn.	198	$92,000 to $130,000
215	Wyatt, Tarrant & Combs	Louisville, Ky.	198	$90,000
216	Best Best & Krieger	Riverside, Calif.	198	$100,000
217	Goulston & Storrs*	Boston	195	WND
218	Powell Goldstein	Atlanta	195	$140,000 to $155,000
219	Strasburger & Price	Dallas	194	$130,000
220	Fennemore Craig	Phoenix	194	$110,000
221	Stevens & Lee	Reading, Pa.	193	$127,000
222	Wildman, Harrold, Allen & Dixon	Chicago	192	$145,000
223	Munger, Tolles & Olson	Los Angeles	190	$160,000
224	Leonard, Street and Deinard	Minneapolis	189	$120,000
225	Bond, Schoeneck & King	Syracuse, N.Y.	189	$80,000 to $90,000
226	Schnader Harrison Segal & Lewis	Philadelphia	189	$135,000 to $140,000
227	Patterson Belknap Webb & Tyler	New York	188	$160,000
228	Hiscock & Barclay	Syracuse, N.Y.	187	$80,000
229	Jackson Kelly	Charleston, W.Va.	187	$73,000 to $81,000
230	Luce, Forward, Hamilton & Scripps	San Diego	187	$145,000 to $160,000
231	Herrick, Feinstein	New York	186	$140,000 to $155,000
232	Lindquist & Vennum	Minneapolis	185	$120,000
233	Godfrey & Kahn	Milwaukee	185	$125,000
234	Steptoe & Johnson PLLC	Clarksburg, W.Va.	182	$72,000
235	Sullivan & Worcester	Boston	182	$145,000
236	Fragomen, Del Rey, Bernsen & Loewy*	New York	182	WND
237	Smith, Gambrell & Russell	Atlanta	181	$100,000 to $145,000
238	Stradley Ronon Stevens & Young*	Philadelphia	181	WND
239	Shumaker, Loop & Kendrick	Toledo, Ohio	180	$92,500
240	Calfee, Halter & Griswold*	Cleveland	180	WND
241	Kenyon & Kenyon	New York	180	$160,000
242	Ford & Harrison	Atlanta	179	$95,000 to $140,000
243	Harris Beach	Rochester, N.Y.	179	$80,000 to $90,000
244	Phillips Lytle	Buffalo, N.Y.	179	$90,000
245	Shughart Thomson & Kilroy	Kansas City, Mo.	179	$100,000
246	Broad and Cassel	Orlando, Fla.	179	WND
247	Ulmer & Berne	Cleveland	176	$115,000
248	Briggs and Morgan	Minneapolis	175	$120,000
249	Ruden McClosky	Fort Lauderdale, Fla.	175	WND
250	Nexsen Pruet	Columbia, S.C.	174	$85,000 to $95,000

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A

Adams and Reese: New Orleans (85); Houston (42); Jackson, Miss. (30); Nashville, Tenn. (30); Baton Rouge, La. (18); Birmingham, Ala. (17); Memphis, Tenn. (15); Mobile, Ala. (14); Washington (2)

Adorno & Yoss: Miami (61); Atlanta (39); Fort Lauderdale, Fla. (33); Chicago (26); Santa Ana, Calif. (20); Dallas (13); Houston (10); Los Angeles (10); Washington (10); Boca Raton, Fla. (8); Boston (6); Seattle (6); New York (5); Wayne, N.J. (5); Delray Beach, Fla. (4); Kansas City, Mo. (2); Chattanooga, Tenn. (1); Stuart, Fla. (1); Tallahassee, Fla. (1); West Palm Beach, Fla. (1); Hartford, Conn. (0); Mexico City (0); Santiago, Chile (0)

Akerman Senterfitt: Miami (147); Orlando, Fla. (74); Fort Lauderdale, Fla. (49); Tampa, Fla. (41); New York (35); West Palm Beach, Fla. (33); Jacksonville, Fla. (31); Tallahassee, Fla. (30); Tysons Corner, Va. (20); Los Angeles (14); Washington (8); Madison, Wis. (2); Tavares, Fla. (1)

Akin Gump Strauss Hauer & Feld: Washington (316); New York (214); Dallas (130); Los Angeles (89); Houston (76); San Antonio (36); Austin, Texas (32); London (32); Moscow (25); San Francisco (13); Beijing (10); Philadelphia (10)

Allen Matkins Leck Gamble Mallory & Natsis: Los Angeles (71); Irvine, Calif. (63); San Francisco (42); San Diego (33); Century City, Calif. (25); Del Mar Heights, Calif. (8); Walnut Creek, Calif. (5)

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Alston & Bird: Atlanta (463); Washington (126); Charlotte, N.C. (114); New York (106); Los Angeles (74); Dallas (15); Palo Alto, Calif. (15); Raleigh, N.C. (12)

Andrews Kurth: Houston (209); Dallas (87); Austin, Texas (39); New York (27); Washington (30); The Woodlands, Texas (8); Los Angeles (4); Beijing (2); London (1)

Arent Fox: Washington (235); New York (78); Los Angeles (24)

Armstrong Teasdale: St. Louis (185); Kansas City, Mo. (33); Washington (15); Jefferson City, Mo. (7); Las Vegas (5); Reno, Nev. (4); Shanghai, China (3)

Arnold & Porter: Washington (405); New York (99); Los Angeles (51); London (32); McLean, Va. (27); Denver (16); San Francisco (12); Brussels (9)

B

Baker Botts: Houston (304); Dallas (184); Washington (124); New York (78); Austin, Texas (69); London (21); Moscow (13); Dubai, United Arab Emirates (12); Hong Kong (9); Palo Alto, Calif. (6); Riyadh, Saudi Arabia (5); Beijing (2)

Baker & Daniels: Indianapolis (244); Fort Wayne, Ind. (51); South Bend, Ind. (27); Washington (11); Chicago (7); Beijing (2)

Baker, Donelson, Bearman, Caldwell & Berkowitz: Memphis, Tenn. (99); Nashville, Tenn. (85); Birmingham, Ala. (73); Jackson, Miss. (68); Atlanta (47); New Orleans (44); Chattanooga, Tenn. (39); Knoxville, Tenn. (24); Washington (23); Johnson City, Tenn. (21); Baton Rouge, La. (12); Mandeville, La. (8); Huntsville, Tenn. (2); Macon, Ga. (2); Oxford, Miss. (1)

Baker Hostetler: Cleveland (178); Washington (77); Columbus, Ohio (65); New York (64); Houston (63); Orlando, Fla. (63); Denver (34); Los Angeles (27); Costa Mesa, Calif. (12); Cincinnati (11)

Baker & McKenzie: London (278); Chicago (209); Sydney, Australia (182); Hong Kong (178); Amsterdam, Netherlands (146); Paris (123); Tokyo (118); New York (112); Madrid, Spain (104); São Paulo, Brazil (98); Washington (84); Melbourne, Australia (83); Frankfurt, Germany (81); Moscow (79); Caracas, Venezuela (73); Milan, Italy (69); Taipei, Taiwan (67); Brussels (65); Dallas (65); Singapore (62); Mexico City (61); Buenos Aires, Argentina (58); Jakarta, Indonesia (56); San Francisco (56); Bangkok, Thailand (53); Barcelona, Spain (53); Kiev, Ukraine (51); Zurich, Switzerland (51); Manila, Philippines (50); Palo Alto, Calif. (48); Beijing (47); Toronto (45); Warsaw, Poland (44); Stockholm, Sweden (40); Shanghai, China (36); Houston (35); Bogotá, Colombia (34); Juárez, Mexico (33); Monterrey, Mexico (30); Rome (29); Munich, Germany (29); San Diego (29); Kuala Lumpur, Malaysia (27); Cairo, Egypt (26); Santiago, Chile (25); Miami (24); Rio de Janeiro, Brazil (24); Prague, Czech Republic (23); Budapest, Hungary (20); Geneva (19); Tijuana, Mexico (18); Berlin (17); Düsseldorf, Germany (17); Vienna, Austria (14); Almaty, Kazakhstan (13); Guadalajara, Mexico (13); Antwerp, Belgium (11); Manama, Bahrain (10); Porto Alegre, Brazil (10); Riyadh, Saudi Arabia (10); Ho Chi Minh City, Vietnam (9); St. Petersburg, Russia (9); Chihuahua, Mexico (8); Valencia, Venezuela (7); Baku, Azerbaijan (6); Bologna, Italy (6); Hanoi, Vietnam (6); Brasilia, Brazil (5); Cancún, Mexico (4)

Balch & Bingham: Birmingham, Ala. (151); Atlanta (34); Montgomery, Ala. (20); Gulfport, Miss. (19); Jackson, Miss. (18); Washington (2)

Ballard Spahr Andrews & Ingersoll: Philadelphia (244); Washington (51); Voorhees, N.J. (46); Baltimore (43); Salt Lake City (42); Denver (34); Phoenix (28); Atlanta (24); Los Angeles (14); Las Vegas (12); Bethesda, Md. (9); Wilmington, Del. (7)

Barnes & Thornburg: Indianapolis (223); Chicago (69); South Bend, Ind. (56); Fort Wayne, Ind. (25); Washington (20); Grand Rapids,

Mich. (19); Elkhart, Ind. (15)

Bass, Berry & Sims: Nashville, Tenn. (166); Memphis, Tenn. (36); Knoxville, Tenn. (9)

Bell, Boyd & Lloyd: Chicago (227); Washington (27); San Diego (6)

Best Best & Krieger: Riverside, Calif. (67); San Diego (36); Ontario, Calif. (20); Indian Wells, Calif. (18); Irvine, Calif. (18); Sacramento, Calif. (18); Los Angeles (15); Walnut Creek, Calif. (7)

Bingham McCutchen: Boston (237); Washington (133); New York (114); San Francisco (105); Los Angeles (63); Tokyo (54); Hartford, Conn. (47); East Palo Alto, Calif. (38); London (35); Santa Monica, Calif. (35); Costa Mesa, Calif. (18); Walnut Creek, Calif. (18); Portland, Maine (5); Hong Kong (4)

Blank Rome: Philadelphia (251); New York (112); Washington (94); Wilmington, Del. (12); Cherry Hill, N.J. (10); Hong Kong (10); Princeton, N.J. (10); Cincinnati (3); Boca Raton, Fla. (1)

Boies, Schiller & Flexner: New York (60); Armonk, N.Y. (35); Washington (32); Miami (23); Fort Lauderdale, Fla. (22); Albany, N.Y. (19); Oakland, Calif. (16); Short Hills, N.J. (9); Hollywood, Fla. (7); Orlando, Fla. (6); Hanover, N.H. (4); Las Vegas (4)

Bond, Schoeneck & King: Syracuse, N.Y. (105); Albany, N.Y. (28); Buffalo, N.Y. (12); Naples, Fla. (12); New York (11); Garden City, N.Y. (8); Rochester, N.Y. (5); Overland Park, Kan. (4); Ithaca, N.Y. (2); Oswego, N.Y. (2)

Bracewell & Giuliani: Houston (207); Dallas (52); New York (48); Washington (42); San Antonio (24); Austin, Texas (21); Almaty, Kazakhstan (15); Hartford, Conn. (10); Dubai, United Arab Emirates (3); London (3)

Bradley Arant Rose & White: Birmingham, Ala. (184); Huntsville, Ala. (23); Jackson, Miss. (21); Montgomery, Ala. (10); Washington (10); Charlotte, N.C. (7)

Briggs and Morgan: Minneapolis (154); St. Paul, Minn. (21)

Broad and Cassel: Orlando, Fla. (51); Miami (27); West Palm Beach, Fla. (23); Boca Raton, Fla. (20); Tampa, Fla. (19); Fort Lauderdale, Fla. (18); Tallahassee, Fla. (18); Destin, Fla. (3)

Brown Rudnick: Boston (101); New York (43); Hartford, Conn. (25); London (22); Washington (12); Providence, R.I. (10)

Brownstein Hyatt Farber Schreck: Denver (130); Las Vegas (39); Santa Barbara, Calif. (27); Albuquerque, N.M. (14); Washington (10); Los Angeles (8); San Diego, Calif. (4) Costa Mesa, Calif. (2); Aspen, Colo. (1)

Bryan Cave: St. Louis (246); New York (154); Kansas City, Mo. (94); Santa Monica, Calif. (66); Phoenix (65); Chicago (58); Washington (57); Irvine, Calif. (35); London (34); Milan, Italy (14); San Francisco (7); Hamburg, Germany (6); Shanghai, China (6); Hong Kong (3); Paris, France (3); Jefferson City, Mo. (2); Singapore (2)

Buchanan Ingersoll & Rooney: Pittsburgh (198); Philadelphia (80); Washington (59); Alexandria, Va. (55); Harrisburg, Pa. (39); New York (28); Princeton, N.J. (17); Miami (12); Tampa, Fla. (12); Wilmington, Del. (11); Newark, N.J. (8); San Diego (8); Temecula, Calif. (2)

Burr & Forman: Birmingham, Ala. (137); Atlanta (35); Mobile, Ala. (18); Nashville, Tenn. (10); Jackson, Miss. (6); Montgomery, Ala. (2)

Butzel Long: Detroit (86); Bloomfield Hills, Mich. (78); Ann Arbor, Mich. (33); New York (28); Lansing, Mich. (6); Boca Raton, Fla. (4); Palm Beach, Fla. (4); Holland, Mich. (2); Washington (2)

C

Cadwalader, Wickersham & Taft: New York (396); Washington (79); London (67); Charlotte, N.C. (63); Beijing (5)

Cahill Gordon & Reindel: New York (279); Washington (6); London (2)

Calfee, Halter & Griswold: Cleveland (156); Columbus, Ohio (24)

Carlton Fields: Tampa, Fla. (96); Miami (80); Atlanta (28); Orlando, Fla. (26); West Palm Beach, Fla. (21); Tallahassee, Fla. (16); St. Petersburg, Fla. (13)

Chadbourne & Parke: New York (231); Washington (54); London (52); Warsaw, Poland (29); Moscow (26); Kiev, Ukraine (19); Los Angeles (19); Mexico City (17); Almaty, Kazakhstan (14); Dubai, United Arab Emirates (8); St. Petersburg, Russia (7); Houston (3); Beijing (2)

Chapman and Cutler: Chicago (190); Salt Lake City (16); San Francisco (14)

Choate, Hall & Stewart: Boston (202)

Cleary Gottlieb Steen & Hamilton: New York (450); Washington (117); Paris (103); London (85); Brussels (57); Frankfurt, Germany (39); Rome (34); Hong Kong (32); Moscow (31); Milan, Italy (26); Cologne, Germany (18); Beijing (8)

Cooley Godward Kronish: Palo Alto, Calif. (173); San Francisco (90); New York (89); San Diego (88); Reston, Va. (74); Broomfield, Colo. (40); Washington (37); Boston (27)

Covington & Burling: Washington (454); New York (113); London (40); San Francisco (38); Brussels (15); Beijing (2)

Cozen O'Connor: Philadelphia (196); New York (58); Seattle (33); West Conshohocken, Pa. (27); Chicago (25); Dallas (22); Houston (17); Cherry Hill, N.J. (15); Charlotte, N.C. (14); San Diego (14); Atlanta (11); Denver (10); Washington (9); Miami (6); London (5); Los Angeles (5); Wilmington, Del. (5); San Francisco (3); Toronto (3); Newark, N.J. (1); Santa Fe, N.M. (1)

Cravath, Swaine & Moore: New York (529); London (25)

Crowell & Moring: Washington (294); New York (46); Irvine, Calif. (32); Brussels (21); London (15)

Curtis, Mallet-Prevost, Colt & Mosle: New York (145); Milan, Italy (16); London (15); Mexico City (13); Paris (12); Frankfurt, Germany (7); Houston (5); Istanbul, Turkey (5); Muscat, Oman (5); Almaty/Astana, Kazakhstan (4); Washington (4); Stamford, Conn. (3); Dubai, United Arab Emirates (1)

D

Davis Polk & Wardwell: New York (607); Menlo Park, Calif. (59); London (34); Hong Kong (31); Paris (14); Tokyo (10); Beijing (6); Washington (6); Madrid (5); Frankfurt, Germany (4)

Davis Wright Tremaine: Seattle (165); Portland, Ore. (86); Washington (55); Los Angeles (42); San Francisco (41); New York (29); Bellevue, Wash. (25); Anchorage, Alaska (13); Shanghai, China (10)

Day Pitney: Florham Park, N.J. (129); Hartford, Conn. (110); New York (53); Boston (39); Stamford, Conn. (38); New Haven, Conn. (12); West Hartford, Conn. (12); Greenwich, Conn. (8); Washington (4)

Debevoise & Plimpton: New York (535); London (97); Paris (51); Washington (33); Moscow (25); Frankfurt, Germany (14); Hong

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Kong (12); Shanghai, China (5)

Dechert: Philadelphia (334); New York (222); London (116); Washington (87); Paris (41); Boston (37); Palo Alto, Calif. (34); Princeton, N. J. (31); San Francisco (20); Hartford, Conn. (19); Charlotte, N.C. (18); Brussels (13); Munich, Germany (13); Austin, Texas (12); Newport Beach, Calif. (9); Hong Kong (7); Luxembourg (6); Beijing (1)

Dewey & LeBoeuf: New York (663); Washington (159); London (147); Milan, Italy (61); Frankfurt, Germany (51); Warsaw, Poland (51); Los Angeles (46); Paris (42); Moscow (36); Chicago (27); San Francisco (19); Rome (18); Dubai, United Arab Emirates (17); Hartford, Conn. (17); Houston (16); Boston (14); Almaty, Kazakhstan (9); Beijing (9); Albany, N.Y. (8); Charlotte, N.C. (8); East Palo Alto, Calif. (8); Hong Kong (7); Austin, Texas (6); Jacksonville, Fla. (6); Brussels (4); Johannesburg, South Africa (4); Riyadh, Saudi Arabia (2)

Dickinson Wright: Detroit (84); Bloomfield Hills, Mich. (72); Grand Rapids, Mich. (20); Washington (19); Lansing, Mich. (17); Ann Arbor, Mich. (16)

Dickstein Shapiro: Washington (281); New York (99); Los Angeles (24)

Dinsmore & Shohl: Cincinnati (168); Columbus, Ohio (41); Dayton, Ohio (41); Charleston, W.Va. (29); Louisville, Ky. (23); Lexington, Ky. (18); Pittsburgh (14); Morgantown, W.Va. (10); Wheeling, W.Va. (3)

DLA Piper: London (424); Chicago (263); New York (232); Leeds, England (158); Washington (149); Baltimore (148); San Diego (136); Manchester, England (135); Birmingham, England (121); Amsterdam, Netherlands (110); Palo Alto, Calif. (109); Sheffield, England (87); Brussels (86); Los Angeles (76); Hong Kong (74); Dubai, United Arab Emirates (73); Oslo, Norway (72); Vienna, Austria (68); Liverpool, England (66); Moscow (64); Madrid, Spain (62); San Francisco (57); Boston (55); Milan, Italy (55); Cologne, Germany (49); Edinburgh, Scotland (48); Paris (47); Philadelphia (47); Atlanta (40); Budapest, Hungary (38); Kiev, Ukraine (38); St. Petersburg, Russia (35); Glasgow, Scotland (34); Austin, Texas (32); Frankfurt, Germany (31); Seattle (31); Hamburg, Germany (30); Warsaw, Poland (28); Reston, Va. (24); Singapore (24); Tampa, Fla. (24); Bangkok, Thailand (23); Bergen, Norway (23); Shanghai, China (22); Dallas (19); Prague, Czech Republic (19); Antwerp, Belgium (18); Beijing (18); Phoenix (17); Tbilisi, Georgia (16); Tokyo (15); Rome (14); Abu Dhabi, United Arab Emirates (12); Houston (12); Sofia, Bulgaria (12); Raleigh, N.C. (11); Sacramento, Calif. (11); Munich, Germany (9); Zagreb, Croatia (9); Bratislava, Slovakia (8); Minneapolis (5); Salzburg, Austria (4); Sarajevo, Bosnia and Herzegovina (4); Cherry Hill, N.J. (2); Muscat, Oman (2); La Jolla, Calif. (1); Las Vegas (1)

Dorsey & Whitney: Minneapolis (315); New York (70); Seattle (69); London (37); Denver (36); Irvine, Calif. (34); Salt Lake City (17); Anchorage, Alaska (16); Des Moines, Iowa (16); Hong Kong (15); Palo Alto, Calif. (15); Fargo, N.D. (9); Shanghai, China (9); Washington (5); Missoula, Mont. (3); Wilmington, Del. (3); Vancouver, British Columbia (2); Toronto (1)

Drinker Biddle & Reath: Philadelphia (215); Chicago (162); Washington (93); Florham Park, N.J. (91); Princeton, N.J. (44); San Francisco (32); Berwyn, Pa. (24); New York (7); Wilmington, Del. (5); Albany, N.Y. (4); Los Angeles (4); Milwaukee (4)

Duane Morris: Philadelphia (161); New York (70); San Francisco (55); Chicago (41); Washington (38); Atlanta (35); Boston (26); San Diego (26); Miami (21); Pittsburgh (20); Newark, N.J. (19); Los Angeles (14); Baltimore (13); Princeton, N.J. (12); Houston (11); London (7); Wilmington, Del. (7); Las Vegas (4); Boca Raton, Fla. (3); Hanoi, Vietnam (3); Lake Tahoe, Calif. (3); Allentown, Pa. (2); Singapore (2); Bangor, Maine (1); Ho Chi Minh City, Vietnam (1)

Dykema Gossett: Chicago (128); Detroit (79); Bloomfield Hills, Mich. (65); Ann Arbor, Mich. (27); Lansing, Mich. (19); Los Angeles (19); Washington (17); Grand Rapids, Mich. (11); Dallas (9)

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Eckert Seamans Cherin & Mellott: Pittsburgh (136); Philadelphia (62); Boston (24); Harrisburg, Pa. (24); Washington (10); West Chester, Pa. (5); White Plains, N.Y. (5); Canonsburg, Pa. (4); Wilmington, Del. (2); Morgantown, W.Va. (1)

Edwards Angell Palmer & Dodge: Boston (241); Providence, R.I. (87); New York (73); London (60); Stamford, Conn. (30); West Palm Beach, Fla. (29); Hartford, Conn. (21); Madison, N.J. (19); Wilmington, Del. (11); Washington (5)

Epstein Becker & Green: New York (129); Washington (70); Atlanta (53); Newark, N.J. (26); Los Angeles (22); Houston (17); Miami (17); Chicago (14); San Francisco (11); Dallas (7); Stamford, Conn. (6)

F

Faegre & Benson: Minneapolis (330); Denver (85); Boulder, Colo. (28); Des Moines, Iowa (18); London (16); Frankfurt, Germany (15); Shanghai, China (10)

Fennemore Craig: Phoenix (155); Las Vegas (16); Tucson, Ariz. (12); Denver (9); Nogales, Ariz. (1)

Fenwick & West: Mountain View, Calif. (186); San Francisco (72); Seattle (11); Boise, Idaho (2)

Finnegan, Henderson, Farabow, Garrett & Dunner: Washington (227); Reston, Va. (42); Palo Alto, Calif. (36); Atlanta (27); Cambridge, Mass. (25); Brussels (3); Taipei, Taiwan (3); Shanghai, China (2); Tokyo (2)

Fish & Richardson: Boston (77); Washington (55); Dallas (48); Minneapolis (46); Redwood City, Calif. (45); New York (40); San Diego (40); Austin, Texas (32); Atlanta (23); Wilmington, Del. (17); Munich, Germany (5)

Fisher & Phillips: Atlanta (56); Irvine, Calif. (30); Fort Lauderdale, Fla. (13); Murray Hill, N.J. (12); Columbia, S.C. (11); Radnor, Pa. (10); New Orleans (9); San Francisco (9); Tampa, Fla. (8); Chicago (7); Portland, Ore. (7); Kansas City, Mo. (6); Las Vegas (6); Orlando, Fla. (5); Dallas (4); Denver (4); Houston (4); San Diego (4); Charlotte, N.C. (3)

Foley Hoag: Boston (229); Washington (18); Waltham, Mass. (4)

Foley & Lardner: Milwaukee (238); Chicago (158); Washington (141); Madison, Wis. (68); Los Angeles (64); Boston (63); San Diego (46); Tampa, Fla. (44); Detroit (40); Orlando, Fla. (39); Jacksonville, Fla. (37); San Francisco (35); New York (24); Miami (15); Palo Alto, Calif. (11); Tallahassee, Fla. (8); Shanghai, China (2); Brussels (1); Sacramento, Calif. (1); Tokyo (1)

Ford & Harrison: Atlanta (43); Memphis, Tenn. (17); Tampa, Fla. (14); Chicago (13); Orlando, Fla. (11); Spartanburg, S.C. (11); Miami (9); Phoenix (9); Los Angeles (8); Minneapolis (8); Washington (8); Jacksonville, Fla. (7); New York (7); Birmingham, Ala. (4); Dallas (4); Denver (4); Melbourne, Fla. (2)

Fowler White Boggs Banker: Tampa, Fla. (127); Jacksonville, Fla. (21); Fort Myers, Fla. (17); St. Petersburg, Fla. (17); Tallahassee, Fla. (11); Fort Lauderdale, Fla. (5); Orlando, Fla. (3)

Fox Rothschild: Philadelphia (104); Princeton, N.J. (71); Roseland, N.J. (43); Exton, Pa. (36); New York (33); Blue Bell, Pa. (30); Atlantic City, N.J. (27); Warrington, Pa. (27); Pittsburgh (25); Wilmington, Del. (17); West Palm Beach, Fla. (10); San Francisco (8); Las Vegas (6); Los Angeles (6)

Fragomen, Del Rey, Bernsen & Loewy: New York (75); Chicago (16); Woodbridge, N.J. (15); Santa Clara, Calif. (14); Dallas (8); Irvine, Calif. (8); Washington (8); San Francisco (7); Coral Gables, Fla. (6); Troy, Mich. (6); Boston (5); Los Angeles (5); San Diego (5); Philadelphia (4)

Fred...son & Byron: Minneapolis (224); Bismarck, N.D. (7); Shanghai, China (2); Des Moines, I...a (0); London (0); Monterrey, Mexico (0)

Fried, Frank, Harris, Shriver & Jacobson: New York (422); Washington (126); London (42); Hong Kong (39); Paris (29); Frankfurt, Germany (15); Shanghai, China (2)

Frost Brown Todd: Cincinnati (138); Louisville, Ky. (111); Lexington, Ky. (38); Columbus, Ohio (25); Nashville, Tenn. (15); Middletown, Ohio (5); Florence, Ky. (4); Charleston, W.Va. (3); New Albany, Ind. (3)

Fulbright & Jaworski: Houston (272); Dallas (144); New York (116); Austin, Texas (79); Washington (77); Los Angeles (65); San Antonio (52); London (31); Minneapolis (16); Dubai, United Arab Emirates (12); Hong Kong (10); Riyadh, Saudi Arabia (6); Denver (5); St. Louis (5); Beijing (4); Munich, Germany (2)

G

Gardere Wynne Sewell: Dallas (172); Houston (87); Mexico City (14); Austin, Texas (8)

Gibbons: Newark, N.J. (146); New York (41); Philadelphia (39); Trenton, N.J. (3); Wilmington, Del. (1)

Gibson, Dunn & Crutcher: Los Angeles (242); New York (189); Washington (151); Irvine, Calif. (78); London (58); San Francisco (58); Dallas (41); Denver (37); Palo Alto, Calif. (34); Paris (23); Munich, Germany (20); Singapore (9); Brussels (4); Dubai, United Arab Emirates (4)

Godfrey & Kahn: Milwaukee (112); Madison, Wis. (43); Green Bay, Wis. (13); Waukesha, Wis. (10); Appleton, Wis. (7)

Goodwin Procter: Boston (447); New York (157); Washington (83); Menlo Park, Calif. (37); Los Angeles (28); San Francisco (20); San Diego (9)

Gordon & Rees: San Francisco (123); San Diego (86); Los Angeles (28); Dallas (19); Newport Beach, Calif. (19); Denver (11); Houston (9); New York (8); Las Vegas (6); Chicago (4); Sacramento, Calif. (3); Seattle (3); Portland, Ore. (2); Phoenix (1)

Goulston & Storrs: Boston (171); Washington (15); New York (8); London (1)

GrayRobinson: Orlando, Fla. (83); Tampa, Fla. (37); Lakeland, Fla. (17); Miami, Fla. (17); Jacksonville, Fla. (16); Melbourne, Fla. (16); Fort Lauderdale, Fla. (15); Tallahassee, Fla. (10); Key West, Fla. (1); Naples, Fla. (1)

Greenberg Traurig: New York (296); Miami (182); Chicago (126); Washington (110); Los Angeles (99); Atlanta (89); Boston (82); Phoenix (80); Florham Park, N.J. (75); Amsterdam, Netherlands (70); Fort Lauderdale, Fla. (64); Houston (50); Orlando, Fla. (50); Denver (49); West Palm Beach, Fla. (45); Dallas (44); Tysons Corner, Va. (43); East Palo Alto, Calif. (36); Irvine, Calif. (34); Philadelphia (31); Tallahassee, Fla. (28); Boca Raton, Fla. (27); Las Vegas (25); Albany, N.Y. (23); Sacramento, Calif. (23); Tampa, Fla. (22); Wilmington, Del. (13); Shanghai, China (10); Austin, Texas (7); Zurich, Switzerland (6); Tokyo (1)

H

Harris Beach: Rochester, N.Y. (87); New York (35); Buffalo, N.Y. (23); Syracuse, N.Y. (12); Albany, N.Y. (10); Ithaca, N.Y. (8); Niagara Falls, N.Y. (4)

Haynes and Boone: Dallas (208); Houston (120); Richardson, Texas (35); New York (32); Fort Worth, Texas (23); Austin, Texas (21); Washington (20); San Antonio (19); Mexico City (14); Moscow (3)

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Herrick, Feinstein: New York (152); Newark, N.J. (25); Princeton, N.J. (9)

Hinshaw & Culbertson: Chicago (165); Rockford, Ill. (34); Minneapolis (30); Los Angeles (26); Fort Lauderdale, Fla. (21); Miami (20); San Francisco (18); Schererville, Ind. (17); Belleville, Ill. (15); Peoria, Ill. (15); Boston (14); Milwaukee (12); Tampa, Fla. (12); New York (11); Joliet, Ill. (9); Lisle, Ill. (9); St. Louis (9); Springfield, Ill. (9); Appleton, Wis. (8); Jacksonville, Fla. (8); Crystal Lake, Ill. (5); Portland, Ore. (5); Phoenix (4); Edwardsville, Ill. (1); Providence, R.I. (0)

Hiscock & Barclay: Syracuse, N.Y. (62): Albany, N.Y. (39); Buffalo, N.Y. (38); Rochester, N.Y. (33); New York (8); Boston (6); Washington (1); Toronto (0)

Hodgson Russ: Buffalo, N.Y. (158); New York (38); Boca Raton, Fla. (17); Albany, N.Y. (8); Toronto (3); Johnstown, N.Y. (2)

Hogan & Hartson: Washington (459); New York (152); Denver (65); Los Angeles (56); London (53); Berlin (52); McLean, Va. (50); Baltimore (47); Miami (42); Moscow (30); Paris (26); Beijing (20); Warsaw, Poland (19); Boulder, Colo. (13); Shanghai, China (13); Brussels (12); Colorado Springs, Colo. (11); Hong Kong (10); Houston (8); Caracas, Venezuela (7); Munich, Germany (7); Philadelphia (7); Abu Dhabi, United Arab Emirates (6); Geneva (6); Tokyo (4)

Holland & Hart: Denver (158); Salt Lake City (41); Reno, Nev. (32); Boise, Idaho (31); Las Vegas (28); Boulder, Colo. (24); Greenwood Village, Colo. (21); Billings, Mont. (13); Cheyenne, Wyo. (13); Colorado Springs, Colo. (12); Santa Fe, N.M. (10); Jackson, Wyo. (7); Carson City, Nev. (5); Washington (5); Aspen, Colo. (4)

Holland & Knight: Washington (173); Chicago (127); Boston (119); New York (117); Miami (105); Tampa, Fla. (79); Orlando, Fla. (62); Jacksonville, Fla. (53); Los Angeles (44); Atlanta (43); Fort Lauderdale, Fla. (38); San Francisco (37); McLean, Va. (36); Tallahassee, Fla. (23); Portland, Ore. (15); West Palm Beach, Fla. (14); Bethesda, Md. (7); Beijing, China (3); Tokyo (0)

Holme Roberts & Owen: Denver (123); Salt Lake City (41); Colorado Springs, Colo. (18); San Francisco (18); Los Angeles (12); Boulder, Colo. (9); Phoenix (8)

Honigman Miller Schwartz and Cohn: Detroit (171); Bloomfield Hills, Mich. (40); Lansing, Mich. (16); Ann Arbor, Mich. (4); Kalamazoo, Mich. (3)

Howrey: Washington (304); Houston (71); Los Angeles (56); Brussels (49); Chicago (38); San Francisco (37); East Palo Alto, Calif. (36); Irvine, Calif. (33); New York (26); London (22); Amsterdam, Netherlands (19); Salt Lake City (17); Madrid, Spain (14); Paris (12); Munich, Germany (8); Taipei, Taiwan (1)

Hughes Hubbard & Reed: New York (225); Washington (44); Paris (23); Los Angeles (18); Miami (17); Jersey City, N.J. (7)

Hunton & Williams: Richmond, Va. (229); Washington (154); Dallas (122); New York (78); Atlanta (70); Miami (56); Charlotte, N.C. (44); McLean, Va. (42); London (39); Raleigh, N.C. (29); Bangkok, Thailand (21); Los Angeles (15); Brussels (13); Norfolk, Va. (10); Houston (8); Austin, Texas (7); San Francisco (5); Beijing (4); Singapore (3); Knoxville, Tenn. (1)

Husch Blackwell Sanders: Kansas City, Mo. (189); Clayton, Mo. (161); St. Louis (86); Chicago (39); Chattanooga, Tenn. (38); Omaha, Neb. (37); Springfield, Mo. (35); Peoria, Ill. (11); Jefferson City, Mo. (9); Washington (9); Memphis, Tenn. (7); Denver (3); Lincoln, Neb. (2); London (2)

I

Ice Miller: Indianapolis (232); Lisle, Ill. (16); Chicago (12); Washington (2)

Irell & Manella: Los Angeles (174); Newport Beach, Calif. (53)

J

Jackson Kelly: Charleston, W.Va. (91); Denver (27); Morgantown, W.Va. (20); Lexington, Ky. (19); Washington (8); Wheeling, W.Va. (7); Martinsburg, W.Va. (6); Clarksburg, W.Va. (5); Pittsburgh (4)

Jackson Lewis: Los Angeles (50); White Plains, N.Y. (43); Morristown, N.J. (33); New York (33); San Francisco (29); Melville, N.Y. (28); Atlanta (22); Washington (22); Boston (22); Chicago (20); Hartford, Conn. (21); Dallas (16); Pittsburgh (16); Sacramento, Calif. (15); Miami (12); Seattle (12); Stamford, Conn. (12); Denver (10); Greenville, S.C. (10); Newport Beach, Calif. (10); Orlando, Fla. (9); Houston (8); Cleveland (7); Minneapolis (7); Birmingham, Ala. (6); Philadelphia (5); Raleigh/Durham, N.C. (5); Albuquerque, N.M. (4); New Orleans (4); Richmond, Va. (4); Detroit (3); Memphis (3); Phoenix (3); Jacksonville, Fla. (2); Las Vegas (2); Portland, Ore. (2); Portsmouth, N.H. (2); San Diego (2); Albany, N.Y. (1); Indianapolis (1); Providence, R.I. (1)

Jackson Walker: Dallas (124); Austin, Texas (87); Houston (67); San Antonio (47); Fort Worth, Texas (16); San Angelo, Texas (4)

Jenner & Block: Chicago (365); Washington (82); New York (36)

Jones Day: New York (329); Cleveland (253); Washington (228); Dallas (208); London (183); Chicago (182); Atlanta (144); Los Angeles (123); Paris (88); Columbus, Ohio (80); Hong Kong (61); Pittsburgh (60); San Francisco (59); Palo Alto, Calif. (54); Houston (52); Tokyo (50); Irvine, Calif. (44); Beijing (40); Frankfurt, Germany (37); Taipei, Taiwan (35); Brussels (34); Madrid, Spain (27); Milan, Italy (27); Shanghai, China (27); Munich, Germany (26); San Diego (20); Singapore (17); Sydney, Australia (15); New Delhi, India (11); Moscow (9)

Jones, Walker, Waechter, Poitevent, Carrère & Denègre: New Orleans (151); Baton Rouge, La. (57); Mobile, Ala. (15); Miami (10); Washington (10); Atlanta (4); Birmingham, Ala. (4); The Woodlands, Texas (4); Houston (3); Lafayette, La. (3); Montgomery, Ala. (3)

K

Kasowitz, Benson, Torres & Friedman: New York (246); Houston (17); San Francisco (12); Atlanta (10); Newark, N.J. (1)

Katten Muchin Rosenman: Chicago (301); New York (189); Los Angeles (75); Washington (55); Charlotte, N.C. (27); London (11)

Kaye Scholer: New York (360); Los Angeles (57); Washington (44); Chicago (24); Frankfurt, Germany (23); London (11); Shanghai, China (7); West Palm Beach, Fla. (4)

Kelley Drye & Warren: New York (190); Washington (117); Stamford, Conn. (25); Chicago (24); Parsippany, N.J. (21); Brussels (1)

Kenyon & Kenyon: New York (129); Washington (41); San Jose, Calif. (10)

Kilpatrick Stockton: Atlanta (280); Winston-Salem, N.C. (46); Washington (42); Raleigh, N.C. (37); Stockholm, Sweden (22); Charlotte, N.C. (16); New York (12); Augusta, Ga. (7); London (5)

King & Spalding: Atlanta (517); Washington (173); New York (104); Houston (102); London (27); Charlotte, N.C. (19); Redwood Shores, Calif. (15); Dubai, United Arab Emirates (13); Frankfurt, Germany (8); San Francisco (6); Austin, Texas (4); Riyadh, Saudi Arabia (2); Abu Dhabi, United Arab Emirates (1); São Paulo, Brazil (1)

Kirkland & Ellis: Chicago (667); New York (328); Washington (177); San Francisco (97); Los Angeles (90); London (85); Munich, Germany (22); Palo Alto, Calif. (15); Hong Kong (9)

K&L Gates: Pittsburgh (235); Seattle (216); Washington (192); London (153); Dallas (137); Boston (134); Charlotte, N.C. (115); New

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York (101); Newark, N.J. (47); Los Angeles (46); San Francisco (46); Berlin (36); Hong Kong (32); Raleigh, N.C. (31); Miami (28); Portland, Ore. (25); Harrisburg, Pa. (24); Research Triangle Park, N.C. (23); Taipei, Taiwan (18); Spokane, Wash. (18); Austin, Texas (17); Irvine, Calif. (12); Palo Alto, Calif. (11); Fort Worth, Texas (10); Anchorage, Alaska (6); Paris, France (5); Shanghai, China (5); Beijing (3)

Knobbe, Martens, Olson & Bear: Irvine, Calif. (149); San Diego (55); San Francisco (19); Los Angeles (9); Riverside, Calif. (6); Seattle (6); Washington (5)

Kramer Levin Naftalis & Frankel: New York (350); Paris (22)

Kutak Rock: Omaha, Neb. (143); Denver (63); Scottsdale, Ariz. (40); Kansas City, Mo. (30); Atlanta (22); Little Rock, Ark. (23); Fayetteville, Ark. (19); Washington (17); Irvine, Calif. (14); Wichita, Kan. (8); Los Angeles (7); Richmond, Va. (6); Chicago (5); Des Moines, Iowa (1); Oklahoma City (1)

L

Latham & Watkins: New York (413); Los Angeles (328); Washington (297); Chicago (195); London (167); San Francisco (159); San Diego (128); Menlo Park, Calif. (108); Paris (103); Costa Mesa, Calif. (92); Hamburg, Germany (75); Frankfurt, Germany (47); Hong Kong (31); Singapore (24); Newark, N.J. (23); Milan, Italy (22); Moscow (22); Munich, Germany (19); Tokyo (18); Brussels (17); Madrid (15); Dubai, United Arab Emirates (7); Doha, Qatar (1); Shanghai, China (5); Reston, Va. (3); Abu Dhabi, United Arab Emirates (1); Barcelona, Spain (1); Rome (1)

Lathrop & Gage: Kansas City, Mo. (149); Overland Park, Kan. (45); Springfield, Mo. (19); St. Louis (17); Clayton, Mo. (12); Denver (11); Boulder, Colo. (10); New York (10); Jefferson City, Mo. (5); Washington (3)

LeClairRyan: Richmond, Va. (112); Newark, N.J. (42); Boston (22); Roanoke, Va. (20); Alexandria, Va. (15); Los Angeles (11); Washington (11); New York (10); New Haven, Conn. (9); Norfolk, Va. (9); San Francisco (9); Williamsburg, Va. (8); Blacksburg, Va. (6); Charlottesville, Va. (6); Detroit (5); Virginia Beach, Va. (5)

Leonard, Street and Deinard: Minneapolis (171); Mankato, Minn. (6); St. Cloud, Minn. (6); Washington (6)

Lewis Brisbois Bisgaard & Smith: Los Angeles (226); San Francisco (109); Las Vegas (60); Costa Mesa, Calif. (58); San Diego (46); New York (43); San Bernardino, Calif. (28); Phoenix (26); Sacramento, Calif. (18); Chicago (16); Tampa, Fla. (9); Lafayette, La. (5); Tucson, Ariz. (4); Fort Lauderdale, Fla. (3); New Orleans (2); Atlanta (1)

Lewis and Roca: Phoenix (102); Las Vegas (45); Tucson, Ariz. (27); Reno, Nev. (18); Albuquerque, N.M. (7)

Lindquist & Vennum: Minneapolis (165); Denver (20)

Littler Mendelson: San Francisco (73); Los Angeles (53); Atlanta (46); New York (37); Cleveland (35); San Jose, Calif. (31); Chicago (30); Washington (30); Dallas (28); Philadelphia (25); Minneapolis (23); Newark, N.J. (22); San Diego (22); Houston (21); Phoenix (18); Miami (17); Columbus, Ohio (15); Boston (14); Denver (13); Las Vegas (13); Sacramento, Calif. (12); Orlando, Fla. (11); Pittsburgh (11); Walnut Creek, Calif. (11); Fresno, Calif. (10); Irvine, Calif. (10); Charlotte, N.C. (9); New Haven, Conn. (9); Seattle (9); Tysons Corner, Va. (9); Portland, Ore. (8); St. Louis (8); Indianapolis (7); Birmingham, Ala. (6); Columbia, S.C. (4); Fayetteville, Ark. (4); Melville, N.Y. (4); Reno, Nev. (4); Detroit (3); Providence, R.I. (3); Mobile, Ala. (2); Stamford, Conn. (2)

Locke Lord Bissell & Liddell: Dallas (205); Houston (167); Chicago (156); Atlanta (43); Austin, Texas (39); Los Angeles (39); Washington (24); New York (21); New Orleans (6); Sacramento, Calif. (4); Boston (2); London (1)

Loeb & Loeb: New York (146); Los Angeles (131); Chicago (28); Nashville, Tenn. (5)

Lowenstein Sandler: Roseland, N.J. (237); New York (37); Boston (2); Palo Alto, Calif. (2)

Luce, Forward, Hamilton & Scripps: San Diego (109); San Francisco (28); Carmel Valley/Del Mar, Calif. (19); Los Angeles (17); Irvine, Calif. (8); Rancho Sante Fe, Calif. (5)

M

Manatt, Phelps & Phillips: Los Angeles (163); New York (54); San Francisco (50); Palo Alto, Calif. (29); Costa Mesa, Calif. (28); Washington (25); Albany, N.Y. (6); Sacramento, Calif. (3)

Marshall, Dennehey, Warner, Coleman & Goggin: Philadelphia (122); Cherry Hill, N.J. (46); King of Prussia, Pa. (40); Roseland, N.J. (37); Pittsburgh (29); Scranton, Pa. (23); Wilmington, Del. (23); Harrisburg, Pa. (16); Bethlehem, Pa. (12); Fort Lauderdale, Fla. (12); Jacksonville, Fla. (10); Orlando, Fla. (8); Tampa, Fla. (7); Doylestown, Pa. (6); Akron, Ohio (5); New York (5); Erie, Pa. (4); Williamsport, Pa. (3)

Mayer Brown: Chicago (485); London (328); New York (176); Washington (174); Hong Kong (157); Frankfurt, Germany (85); Paris (65); Houston (56); Los Angeles (56); Charlotte, N.C. (51); Bangkok, Thailand (31); Beijing (28); Palo Alto, Calif. (27); Brussels (21); Cologne, Germany (18); Shanghai, China (15); Berlin (9); Guangzhou, China (7); Ho Chi Minh City, Vietnam (7); São Paulo, Brazil (7); Hanoi, Vietnam (6)

McCarter & English: Newark, N.J. (213); Boston (59); Hartford, Conn. (39); New York (31); Wilmington, Del. (24); Philadelphia (22); Stamford, Conn. (11)

McDermott Will & Emery: Chicago (328); Washington (242); New York (170); Los Angeles (87); Boston (83); London (70); Palo Alto, Calif. (59); Irvine, Calif. (36); Miami (25); Munich, Germany (25); Rome (15); Düsseldorf, Germany (14); Houston (13); Brussels (10); San Diego (10);

McElroy, Deutsch, Mulvaney & Carpenter: Morristown, N.J. (135); Newark, N.J. (40); Denver (16); New York (15); Philadelphia (15); Ridgewood, N.J. (11)

McGuireWoods: Virginia (312) (firm would not provide a breakdown by Virginia cities); Charlotte, N.C. (187); Chicago (133); Los Angeles (44); Pittsburgh (36); Atlanta (31); New York (31); Baltimore (30); Jacksonville, Fla. (26); Washington (23); Brussels (15); Almaty, Kazakhstan (12)

McKee Nelson: New York (107); Washington (95)

McKenna Long & Aldridge: Atlanta (158); Washington (126); Los Angeles (65); San Francisco (31); Denver (18); San Diego (16); New York (12); Brussels (4); Philadelphia (3); Albany, N.Y. (2)

Michael Best & Friedrich: Milwaukee, (117); Madison, Wis. (62); Chicago (30); Waukesha, Wis. (16); Manitowoc, Wis. (4)

Milbank, Tweed, Hadley & McCloy: New York (408); Los Angeles (85); London (50); Washington (44); Munich, Germany (18); Singapore (14); Hong Kong (13); Frankfurt, Germany (11); Tokyo (10); Beijing (4)

Miles & Stockbridge: Baltimore (121); McLean, Va. (27); Towson, Md. (21); Rockville, Md. (18); Frederick, Md. (16); Easton, Md. (10); Columbia, Md. (9); Cambridge, Md. (2)

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Miller, Canfield, Paddock and Stone: Detroit (132); Troy, Mich. (71); Kalamazoo, Mich. (45), . . . Arbor, Mich. (42); Windsor, Ontario (25); Lansing, Mich. (21); Grand Rapids, Mich. (15); Chicago (11); Warsaw, Poland (10); Gdynia, Poland (6); Saginaw, Mich. (3); New York (3); Cambridge, Mass. (2); Wroclaw, Poland (1)

Miller & Martin: Chattanooga, Tenn. (94); Nashville, Tenn. (57); Atlanta (47)

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo: Boston (309); New York (79); Washington (61); San Diego (30); Palo Alto, Calif. (15); London (7); Los Angeles (2); Stamford, Conn. (1)

Moore & Van Allen: Charlotte, N.C. (234); Durham, N.C. (42); Charleston, S.C. (24)

Morgan, Lewis & Bockius: Philadelphia (305); Washington (276); New York (230); San Francisco (154); Los Angeles (77); Palo Alto, Calif. (62); Princeton, N.J. (46); Houston (42); Chicago (40); London (32); Miami (32); Dallas (28); Pittsburgh (26); Paris (25); Frankfurt, Germany (24); Irvine, Calif. (21); Tokyo (6); Minneapolis (4); Beijing (3); Boston (3) Brussels (3); Harrisburg, Pa. (2)

Morrison & Foerster: San Francisco (272); New York (198); Tokyo (120); Palo Alto, Calif. (110); Los Angeles (107); Washington (94); San Diego (78); London (58); Hong Kong (44); McLean, Va. (40); Denver (22); Shanghai, China (18); Beijing (12); Sacramento, Calif. (10); Walnut Creek, Calif. (9); Brussels (7); Singapore (3)

Munger, Tolles & Olson: Los Angeles (152); San Francisco (38)

N

Neal, Gerber & Eisenberg: Chicago (204)

Nelson Mullins Riley & Scarborough: Columbia, S.C. (131); Atlanta (83); Charleston, S.C. (45); Greenville, S.C. (39); Raleigh, N.C. (26); Washington (26); Charlotte, N.C. (15); Myrtle Beach, S.C. (14); Winston-Salem, N.C. (7); Boston (4); Chicago (1)

Nexsen Pruet: Columbia, S.C. (68); Greensboro, N.C. (34); Charleston, S.C. (28); Greenville, S.C. (19); Charlotte, N.C. (17); Hilton Head, S.C. (5); Myrtle Beach, S.C. (3)

Nixon Peabody: Boston (159); New York (104); Rochester, N.Y. (102); Washington (101); San Francisco (75); Jericho, N.Y. (42); Los Angeles (24); Manchester, N.H. (19); Chicago (17); Buffalo, N.Y. (15); Albany, N.Y. (14); Providence, R.I. (12); Palo Alto, Calif. (7); London (3); Palm Beach Gardens, Fla. (3)

O

Ogletree, Deakins, Nash, Smoak & Stewart: Greenville, S.C. (42); Atlanta (37); Indianapolis (25); Chicago (22); Raleigh, N.C. (22); Birmingham, Ala. (20); Los Angeles (19); Morristown, N.J. (19); Washington (18); Dallas (16); Houston (14); Phoenix (14); Columbia, S.C. (13); Charlotte, N.C. (11); Cleveland (11); Kansas City, Mo. (11); Memphis, Tenn. (11); Nashville, Tenn. (11); St. Louis (11); Detroit (10); Austin, Texas (8); Jackson, Miss. (7); Miami (7); Pittsburgh (7); Tampa, Fla. (7); Charleston, S.C. (6); San Antonio (6); San Francisco (6); St. Thomas, U.S. Virgin Islands (5); Philadelphia (4); Tucson, Ariz. (4); Greensboro, N.C. (2); Torrance, Calif. (1)

O'Melveny & Myers: Los Angeles (280); Washington (254); New York (203); San Francisco (116); Century City, Calif. (90); Newport Beach, Calif. (72); Menlo Park, Calif. (38); London (34); Hong Kong (27); Tokyo (27); Shanghai, China (21); Beijing (15); Brussels (8); Singapore (8)

Orrick, Herrington & Sutcliffe: New York (217); San Francisco (193); Menlo Park, Calif. (111); Paris (104); Washington (92); Los Angeles (65); London (55); Sacramento, Calif. (33); Hong Kong (32); Tokyo (29); Düsseldorf, Germany (28); Irvine, Calif. (19); Beijing (18);

Frankfurt (14); Rome (14); Milan, Italy (11); Berlin (9); Shanghai, China (9); Moscow (8); Portland, Ore. (7); Seattle (6); Taipei, China (2)

P

Parker Poe Adams & Bernstein: Charlotte, N.C. (134); Raleigh, N.C. (60); Charleston, S.C. (30); Columbia, S.C. (15); Spartanburg, S.C. (6); Myrtle Beach, S.C. (3)

Patterson Belknap Webb & Tyler: New York (188)

Patton Boggs: Washington (265); Dallas (95); Newark, N.J. (57); Denver (42); McLean, Va. (27); New York (15); Anchorage, Alaska (13); Doha, Qatar (12); Abu Dhabi, United Arab Emirates (4)

Paul, Hastings, Janofsky & Walker: New York (253); Los Angeles (171); Washington (134); Atlanta (105); San Francisco (92); Hong Kong (61); Costa Mesa, Calif. (49); San Diego (47); Paris (43); Tokyo (38); London (37); Chicago (34); Shanghai, China (33); Palo Alto, Calif. (29); Frankfurt (20); Beijing (16); Milan, Italy (13); Brussels (0)

Paul, Weiss, Rifkind, Wharton & Garrison: New York (644); Washington (51); London (15); Hong Kong (11); Tokyo (7); Beijing (4)

Pepper Hamilton: Philadelphia (255); Pittsburgh (53); Berwyn, Pa. (41); Washington (34); Detroit (30); Princeton, N.J. (29); Wilmington, Del. (19); Boston (17); New York (14); Harrisburg, Pa. (12); Irvine, Calif. (10)

Perkins Coie: Seattle (236); Chicago (66); Phoenix (65); Portland, Ore. (64); Los Angeles (37); Washington (37); Menlo Park, Calif. (33); San Francisco (25); Bellevue, Wash. (24); Denver (24); Boise, Idaho (13); Anchorage, Alaska (7); Shanghai, China (1)

Phelps Dunbar: New Orleans (83); Baton Rouge, La. (53); Tampa, Fla. (41); Jackson, Miss. (40); Tupelo, Miss. (18); Houston (14); Gulfport, Miss. (9)

Phillips Lytle: Buffalo, N.Y. (125); Rochester, N.Y. (25); New York (17); Albany, N.Y. (6); Jamestown, N.Y. (4); Fredonia, N.Y. (2)

Pillsbury Winthrop Shaw Pittman: Washington (173); San Francisco (134); New York (113); Los Angeles (65); McLean, Va. (64); Palo Alto, Calif. (55); San Diego (38); Houston (29); Sacramento, Calif. (17); London (12); Tokyo (5); Costa Mesa, Calif. (3); Shanghai, China (3)

Polsinelli Shalton Flanigan Suelthaus: Kansas City, Mo. (143); St. Louis (88); Overland Park, Kan. (30); Chicago (24); Washington (9); Edwardsville, Ill. (4); Topeka, Kan. (3); Wilmington, Del. (2); New York (1)

Porter Wright Morris & Arthur: Columbus, Ohio (164); Cleveland (24); Dayton, Ohio (17); Naples, Fla. (17); Cincinnati (16); Washington (13)

Powell Goldstein: Atlanta (141); Washington (34); Dallas (13); Charlotte, N.C. (8)

Proskauer Rose: New York (448); Boston (105); Los Angeles (75); Paris (39); Washington (33); Newark, N.J. (32); Boca Raton, Fla. (25); New Orleans (10); Chicago (7); London (7); Wanchai, Hong Kong (2); São Paulo, Brazil (1)

Q

Quarles & Brady: Milwaukee (197); Phoenix (115); Chicago (59); Madison, Wis. (41); Naples, Fla. (20); Tucson, Ariz. (18)

Quinn Emanuel Urquhart Oliver & Hedges: Los Angeles (163); New York (125); San Francisco (51); Redwood Shores, Calif. (40); London (3)

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R

Reed Smith: London (303); Pittsburgh (206); Philadelphia (156); Chicago (140); New York (137); Hong Kong (112); Los Angeles (86); San Francisco (83); Washington (81); Oakland, Calif. (60); Falls Church, Va. (52); Princeton, N.J. (51); Paris (33); Birmingham, England (29); Century City, Calif. (21); Abu Dhabi, United Arab Emirates (17); Richmond, Va. (16); Munich, Germany (15); Dubai, United Arab Emirates (8); Wilmington, Del. (8); Leesburg, Va. (6); Piraeus, Greece (6); Beijing (N/A)

Reinhart Boerner Van Deuren: Milwaukee (152); Madison, Wis. (25); Waukesha, Wis. (19); Rockford, Ill. (5)

Robins, Kaplan, Miller & Ciresi: Minneapolis (190); Los Angeles (28); Boston (23); Atlanta (22); Naples, Fla. (4)

Robinson & Cole: Hartford, Conn. (117); Boston (46); Stamford, Conn. (40); New York (9); Sarasota, Fla. (3)

Roetzel & Andress: Akron, Ohio (66); Cleveland (52); Columbus, Ohio (30); Naples, Fla. (25); Fort Myers, Fla. (14); Orlando, Fla. (14); Toledo, Ohio (8); Washington (7); Fort Lauderdale, Fla. (6); Cincinnati (5)

Ropes & Gray: Boston (462); New York (235); Washington (71); Palo Alto, Calif. (29); San Francisco (27); Chicago (7); Tokyo (7); Hong Kong (5)

Ruden McClosky: Fort Lauderdale, Fla. (62); Tampa, Fla. (25); West Palm Beach, Fla. (20); Miami (15); Sarasota, Fla. (15); St. Petersburg, Fla. (12); Caracas, Venezuela (9); Port St. Lucie, Fla. (6); Orlando, Fla. (5); Boca Raton, Fla. (4); Tallahassee, Fla. (2); Naples, Fla. (0)

S

Saul Ewing: Philadelphia (88); Baltimore (50); Washington (22); Harrisburg, Pa. (20); Chesterbrook, Pa. (15); Princeton, N.J. (14); Wilmington, Del. (13); Newark, N.J. (9)

Schiff Hardin: Chicago (265); New York (43); San Francisco (37); Washington (21); Atlanta (18); Lake Forest, Ill. (9); Boston (2)

Schnader Harrison Segal & Lewis: Philadelphia (111); New York (26); Pittsburgh (26); Washington (10); Cherry Hill, N.J. (9); San Francisco (7)

Schulte Roth & Zabel: New York (459); London (13); Washington (9)

Sedgwick, Detert, Moran & Arnold: San Francisco (123); Los Angeles (69); New York (61); Dallas (34); Chicago, Ill. (27); Newark, N.J. (22); Irvine, Calif. (20); London (9); Houston (7); Austin, Texas (5); Zurich, Switzerland (2); Hamilton, Bermuda (1)

Seyfarth Shaw: Chicago (260); Los Angeles (103); New York (82); Boston (79); Atlanta (74); Washington (58); San Francisco (54); Houston (23); Sacramento, Calif. (16); Brussels (1)

Shearman & Sterling: New York (401); London (118); Paris (70); Washington (45); Düsseldorf, Germany (35); Frankfurt, Germany (31); San Francisco (24); Beijing (21); Munich, Germany (18); Hong Kong (16); Abu Dhabi, United Arab Emirates (14); Singapore (14); Rome (12); São Paulo, Brazil (12); Toronto (12); Menlo Park, Calif. (10); Tokyo (8); Shanghai, China (7); Brussels (6)

Sheppard, Mullin, Richter & Hampton: Los Angeles (133); San Francisco (80); Costa Mesa, Calif. (49); Del Mar Heights, Calif. (44); New York (38); Washington (36); Century City, Calif. (32); San Diego (28); Santa Barbara, Calif. (9); Shanghai, China (6); Menlo Park, Calif. (2)

Shou..., Hardy & Bacon: Kansas City, Mo. (333); Miami (50); Washington (33); Houston (30); Sa...rancisco (29); Tampa, Fla. (21); Irvine, Calif. (14); Geneva (5); London (5)

Shughart Thomson & Kilroy: Kansas City, Mo. (91); Phoenix (27); Denver (26); Overland Park, Kan. (16); St. Joseph, Mo. (12); Springfield, Mo. (8)

Shumaker, Loop & Kendrick: Toledo, Ohio (91); Tampa, Fla. (56); Charlotte, N.C. (23); Columbus, Ohio (10)

Shutts & Bowen: Miami (90); Orlando, Fla. (55); Fort Lauderdale, Fla. (21); Tampa, Fla. (18); West Palm Beach, Fla. (17); Amsterdam, Netherlands (1); Tallahassee, Fla. (1)

Sidley Austin: Chicago (612); New York (469); Washington (261); Los Angeles (160); London (141); Hong Kong (74); San Francisco (52); Dallas (29); Frankfurt, Germany (17); Brussels (15); Tokyo (13); Singapore (8); Beijing (7); Shanghai, China (7); Sydney, Australia (7); Geneva (5)

Simpson Thacher & Bartlett: New York (657); Palo Alto, Calif. (69); London (45); Hong Kong (33); Los Angeles (26); Washington (18); Tokyo (11); Beijing (10)

Skadden, Arps, Slate, Meagher & Flom: New York (910); Washington (340); Chicago (217); Los Angeles (170); London (127); Palo Alto, Calif. (66); Wilmington, Del. (66); Boston (58); Hong Kong (46); Tokyo (38); Frankfurt, Germany (30); Houston (30); San Francisco (27); Brussels (21); Moscow (20); Paris (20); Munich, Germany (19); Beijing (10); Toronto (10); Singapore (7); Sydney, Australia (7); Vienna, Austria (5); Shanghai, China (4); São Paulo, Brazil (3)

Smith, Gambrell & Russell: Atlanta (150); Jacksonville, Fla. (24); Washington (6); Frankfurt, Germany (1)

Snell & Wilmer: Phoenix (202); Costa Mesa, Calif. (71); Salt Lake City (51); Denver (43); Las Vegas (40); Tucson, Ariz. (33)

Sonnenschein Nath & Rosenthal: Chicago (179); New York (111); Washington (87); San Francisco (64); Kansas City, Mo. (56); Los Angeles (49); St. Louis (40); Dallas (25); Charlotte, N.C. (21); Short Hills, N.J. (14); Menlo Park, Calif. (13); Phoenix (10); Brussels (2)

Squire, Sanders & Dempsey: Cleveland (141); Columbus, Ohio (85); Washington (65); Phoenix (60); San Francisco (47); London (42); Miami (40); Los Angeles (30); Cincinnati (28); Moscow (28); Caracas, Venezuela (24); Tysons Corner, Va. (24); Warsaw, Poland (23); Tokyo (22); New York (20); Prague, Czech Republic (18); Budapest, Hungary (15); Palo Alto, Calif. (15); West Palm Beach, Fla. (15); Bratislava, Slovakia (14); Santo Domingo, Dominican Republic (13); Tampa, Fla. (13); Frankfurt, Germany (11); Hong Kong (10); Kiev, Ukraine (9); Beijing (8); Houston (8); Shanghai, China (8); Brussels (7); Tallahassee, Fla. (7); Rio de Janeiro, Brazil (6); São Paulo, Brazil (3)

Steptoe & Johnson LLP: Washington (322); Phoenix (56); London (35); Century City, Calif. (30); New York (22); Los Angeles (16); Chicago (13); Brussels (12)

Steptoe & Johnson PLLC: Charleston, W.Va. (57); Clarksburg, W.Va. (55); Morgantown, W.Va. (30); Wheeling, W.Va. (12); Huntington, W.Va. (11); Martinsburg, W.Va. (11); Columbus, Ohio (6)

Stevens & Lee: Reading, Pa. (65); Valley Forge, Pa. (29); Lancaster, Pa. (18); Princeton, N.J. (17); Harrisburg, Pa. (16); Philadelphia (13); Lehigh Valley, Pa. (9); Wilmington, Del. (9); New York (6); Scranton, Pa. (3); Cherry Hill, N.J. (3); Williamsport, Pa. (3); Charleston, S. C. (1); Wilkes-Barre, Pa. (1)

Stinson Morrison Hecker: Kansas City, Mo. (165); St. Louis (56); Phoenix (28); Washington (24); Omaha, Neb. (22); Wichita, Kan. (16); Overland Park, Kan. (10); Jefferson City, Mo. (3)

Stites & Harbison: Louisville, Ky. (129); Lexington, Ky. (48); Nashville, Tenn. (47); Atlanta (27); Alexandria, Va. (9); Frankfort, Ky. (6); Jeffersonville, Ind. (6)

Stoel Rives: Portland, Ore. (146); Seattle (75); Salt Lake City (69); Boise, Idaho (18); Sacramento, Calif. (18); Minneapolis (17); Tahoe City, Calif. (3); Vancouver, Wash. (2); Denver (1); San Francisco (1)

Stradley Ronon Stevens & Young: Philadelphia (136); Malvern, Pa. (20); Cherry Hill, N.J. (12); Washington (12); Wilmington, Del. (3); Harrisburg, Pa. (0); Trenton, N.J. (0)

Strasburger & Price: Dallas (84); Houston (39); Austin, Texas (26); Frisco, Texas (22); San Antonio (16); Washington (4); New York (2); Mexico City (1)

Stroock & Stroock & Lavan: New York (288); Los Angeles (53); Miami (16)

Sullivan & Cromwell: New York (499); London (81); Washington (36); Paris (31); Los Angeles (29); Palo Alto, Calif. (17); Frankfurt, Germany (16); Hong Kong (15); Tokyo (9); Beijing (6); Melbourne, Australia (6); Sydney, Australia (3)

Sullivan & Worcester: Boston (129); New York (37); Washington (17)

Sutherland Asbill & Brennan: Atlanta (206); Washington (165); New York (27); Houston (24); Tallahassee, Fla. (5); Austin, Texas (2)

T

Taft, Stettinius & Hollister: Cincinnati (124); Indianapolis (104); Cleveland (69); Dayton, Ohio (25); Columbus, Ohio (10); Covington, Ky. (4); Phoenix (1)

Thacher Proffitt & Wood: New York (N/A); White Plains, N.Y. (N/A); Summit, N.J. (N/A); Washington (N/A)

Thelen: New York (212); San Francisco (145); Washington (77); Los Angeles (40); Hartford, Conn. (39); San Jose, Calif. (24); Florham Park, N.J. (6); Shanghai, China (6); London (4)

Thompson Coburn: St. Louis (265); Chicago (42); Washington (27); Belleville, Ill. (10)

Thompson Hine: Cleveland (146); Cincinnati (63); Dayton, Ohio (55); Columbus, Ohio (43); New York (34); Washington (32); Atlanta (20); Brussels (4)

Thompson & Knight: Dallas (225); Houston (94); Austin, Texas (26); Rio de Janeiro, Brazil (24); Monterrey, Mexico (21); New York (17); Mexico City (16); Fort Worth, Texas (12); São Paulo, Brazil (11); Algiers, Algeria (5); San Antonio, Texas (3); Vitoria, Brazil (2); London (1); Paris (1)

Townsend and Townsend and Crew: San Francisco (78); Palo Alto, Calif. (59); Denver (32); Washington (17); San Diego (14); Seattle (13); Walnut Creek, Calif. (13); Tokyo (1)

Troutman Sanders: Atlanta (265); New York (124); Richmond, Va. (120); Washington (59); Virginia Beach, Va. (33); Tysons Corner, Va. (24); Raleigh, N.C. (21); Shanghai, China (17); Hong Kong (16); London (4)

U

Ulmer & Berne: Cleveland (113); Cincinnati (50); Columbus, Ohio (11); Chicago (2)

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WP Ex11.00-4
WP Ex11 01-4

V

Vedder Price: Chicago (222); New York (36); Washington (7)

Venable: Washington (245); Baltimore (161); Vienna, Va. (61); Los Angeles (39); New York (30); Towson, Md. (24); Rockville, Md. (9)

Vinson & Elkins: Houston (303); Dallas (138); Austin, Texas (89); Washington (85); New York (62); London (30); Dubai, United Arab Emirates (18); Beijing (11); Hong Kong (8); Shanghai, China (6); Moscow (5); Tokyo (4)

Vorys, Sater, Seymour and Pease: Columbus, Ohio (240); Cincinnati (69); Cleveland (37); Washington (22); Akron, Ohio (17); Alexandria, Va. (7)

W

Wachtell, Lipton, Rosen & Katz: New York (231)

Waller Lansden Dortch & Davis: Nashville, Tenn. (195); Los Angeles (13); Birmingham, Ala. (6)

Warner Norcross & Judd: Grand Rapids, Mich. (159); Southfield, Mich. (29); Muskegon, Mich. (13); Holland, Mich. (9); Sterling Heights, Mich. (3); Lansing, Mich. (2)

Weil, Gotshal & Manges: New York (679); London (91); Dallas (83); Washington (81); Redwood Shores, Calif. (67); Paris (57); Boston (45); Houston (39); Warsaw, Poland (39); Prague, Czech Republic (37); Frankfurt, Germany (34); Miami (28); Munich, Germany (24); Shanghai, China (15); Budapest, Hungary (14); Austin, Texas (13); Hong Kong (7); Providence, R.I. (3); Beijing (2); Wilmington, Del. (2)

White & Case: New York (443); London (350); Washington (158); Paris (102); Frankfurt, Germany (94); Miami (94); Moscow (88); Tokyo (82); Hamburg, Germany (81); Warsaw, Poland (70); Prague, Czech Republic (54); Brussels (50); Los Angeles (50); Mexico City (49); Bangkok, Thailand (44); Stockholm, Sweden (42); Budapest, Hungary (36); Singapore (36); Berlin (34); Istanbul, Turkey (33); Düsseldorf, Germany (29); Palo Alto, Calif. (23); Hong Kong (20); Helsinki, Finland (18); Ankara, Turkey (15); Milan, Italy (15); Beijing (14); Bratislava, Slovakia (12); Johannesburg, South Africa (11); Almaty, Kazakhstan (10); Bucharest, Romania (10); Munich, Germany (10); Dresden, Germany (7); Riyadh, Saudi Arabia (7); Shanghai, China (7); Abu Dhabi, United Arab Emirates (6); São Paulo, Brazil (5)

White and Williams: Philadelphia (149); Cherry Hill, N.J. (16); New York (12); Berwyn, Pa. (11); Allentown, Pa. (10); Wilmington, Del. (8); Pittsburgh (6); Paramus, N.J. (5)

Wildman, Harrold, Allen & Dixon: Chicago (185); Los Angeles (7)

Wiley Rein: Washington (251); McLean, Va. (11)

Williams & Connolly: Washington (235)

Williams Mullen: Richmond, Va. (130); Raleigh, N.C. (54); Virginia Beach, Va. (46); Norfolk, Va. (26); Washington (22); Tysons Corner, Va. (20); Research Triangle Park, N.C. (9); Charlottesville, Va. (7); Wilmington, N.C. (6); Newport News, Va. (3); Portsmouth, Va. (2); London (1)

Willkie Farr & Gallagher: New York (435); Washington (118); Paris (48); Frankfurt, Germany (23); Milan, Italy (23); Rome (9); Brussels (8); London (5)

Wilmer Cutler Pickering Hale and Dorr: Washington (496); Boston (351); New York (169); London (47); Palo Alto, Calif. (39);

WP Ex10.00-4
WP Ex11.00-4
WP Ex11 01-4

Branch Offices:

Berlin (36); Brussels (20); Waltham, Mass. (10); Los Angeles (6); Beijing (5); Oxford, England (1)

Wilson Elser Moskowitz Edelman & Dicker: New York (170); White Plains, N.Y. (166); Los Angeles (57); Newark, N.J. (53); Chicago (42); San Francisco (39); Albany, N.Y. (34); Philadelphia (32); Dallas (30); Boston (23); Stamford, Conn. (18); Washington (16); Houston (13); San Diego (13); Miami (12); McLean, Va. (11); Las Vegas (9); Orlando, Fla. (9); Baltimore (6)

Wilson Sonsini Goodrich & Rosati: Palo Alto, Calif. (366); San Francisco (45); Washington (44); Austin, Texas (40); New York (40); San Diego (40); Seattle (36); Shanghai, China (9)

Winstead: Dallas (141); Houston (58); Austin, Texas (54); The Woodlands, Texas (11); Fort Worth, Texas (10); San Antonio (5); Washington (2)

Winston & Strawn: Chicago (438); New York (180); Washington (135); Los Angeles (68); San Francisco (68); Paris (67); Charlotte, N. C. (25); London (9); Geneva (8); Moscow (3); Newark, N.J. (3)

WolfBlock: Philadelphia (131); Roseland, N.J. (64); New York (43); Cherry Hill, N.J. (20); Harrisburg, Pa. (13); Boston (11); Wilmington, Del. (11); Norristown, Pa. (5)

Womble Carlyle Sandridge & Rice: Winston-Salem, N.C. (140); Charlotte, N.C. (64); Research Triangle Park, N.C. (60); Atlanta (58); Raleigh, N.C. (55); Washington (48); Greenville, S.C. (26); Tysons Corner, Va. (23); Greensboro, N.C. (16); Wilmington, Del. (11); Baltimore (5)

Wyatt, Tarrant & Combs: Louisville, Ky. (82); Lexington, Ky. (42); Memphis, Tenn. (34); Nashville, Tenn. (20); Bowling Green, Ky. (9); Jackson, Miss. (5); New Albany, Ind. (5); Fort Collins, Colo. (1)

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3. **Lessons learned in life after layoffs**
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5. **Brutal week may not be the end of law firm layoffs**
6. **Hiring from top schools steady in '08**
7. **Scalia scolds student for 'nasty, impolite question'**
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incisive Legal Intelligence
2008 NLJ Billing Survey

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Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Adams and Reese	New Orleans	$425	$240	$300	$175	$209	$318	$257	$205	$310	$265	National Law Journal, December 8, 2008
2008	Akerman Senterfitt	Miami											National Law Journal, December 8, 2008
2008	Akin Gump Strauss Hauer & Feld	Washington											National Law Journal, December 8, 2008
2008	Allen Matkins Leck Gamble Mallory & Natsis	Los Angeles											National Law Journal, December 8, 2008
2008	Andrews Kurth	Houston											National Law Journal, December 8, 2008
2008	Arent Fox	Washington	$710	$410	$465	$260							National Law Journal, December 8, 2008
2008	Armstrong Teasdale	St. Louis	$450	$295	$300	$175							National Law Journal, December 8, 2008
2008	Arnold & Porter	Washington											National Law Journal, December 8, 2008
2008	Baker & Hostetler	Cleveland											National Law Journal, December 8, 2008
2008	Baker Botts	Houston											National Law Journal, December 8, 2008
2008	Baker, Donelson, Bearman, Caldwell & Berkowitz	Memphis, Tenn.	$525	$230	$300	$120	$218	$339	$295	$220	$330	$290	National Law Journal, December 8, 2008
2008	Balch & Bingham	Birmingham, Ala.	$600	$295	$280	$200							National Law Journal, December 8, 2008
2008	Ballard Spahr Andrews & Ingersoll, LLP	Philadelphia											National Law Journal, December 8, 2008
2008	Bass, Berry & Sims	Nashville, Tenn.	$575	$240	$310	$180	$245	$408	$378	$245	$408	$378	National Law Journal, December 8, 2008
2008	Bell, Boyd & Lloyd	Chicago											National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Best Best & Krieger	Riverside, Calif.	$550	$300	$365	$175	$245	$410	$307	$240	$420	$300	National Law Journal, December 8, 2008
2008	Bingham McCutchen	Boston											National Law Journal, December 8, 2008
2008	Blank Rome	Philadelphia	$785	$425	$485	$245	$332	$525	$400				National Law Journal, December 8, 2008
2008	Bond, Schoeneck & King	Syracuse, N.Y.	$450	$210	$250	$150	$187	$308	$268	$185	$310	$275	National Law Journal, December 8, 2008
2008	Bowman and Brooke	Minneapolis											National Law Journal, December 8, 2008
2008	Bracewell & Giuliani	Houston											National Law Journal, December 8, 2008
2008	Bradley Arant Rose & White	Birmingham, Ala.	$550	$260	$310	$170							National Law Journal, December 8, 2008
2008	Briggs and Morgan	Minneapolis	$580	$300	$290	$195	$229	$420	$368	$225	$425	$390	National Law Journal, December 8, 2008
2008	Brinks Hofer Gilson & Lione	Chicago	$700	$320	$435	$180	$281	$499	$392	$275	$500	$390	National Law Journal, December 8, 2008
2008	Broad and Cassel	Orlando, Fla.	$475	$290	$320	$175	$245	$378	$314	$248	$375	$310	National Law Journal, December 8, 2008
2008	Brown Rudnick	Boston											National Law Journal, December 8, 2008
2008	Brownstein Hyatt Farber Schreck	Denver	$750	$275	$285	$160	$234	$424	$340	$240	$400	$325	National Law Journal, December 8, 2008
2008	Bryan Cave	St. Louis	$750	$340	$510	$170	$314	$525	$424	$310	$510	$405	National Law Journal, December 8, 2008
2008	Buchalter Nemer	Los Angeles	$600	$260	$450	$225	$283	$448	$384	$275	$450	$375	National Law Journal, December 8, 2008
2008	Buchanan Ingersoll & Rooney	Pittsburgh	$1,020	$300	$520	$100							National Law Journal, December 8, 2008
2008	Bullivant Houser Bailey	Portland, Ore.	$525	$275	$325	$190							National Law Journal, December 8, 2008
2008	Burr & Forman	Birmingham, Ala.	$495	$210	$305	$165	$235	$352	$271	$230	$350	$295	National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Butzel Long	Detroit	$650	$300	$290	$180							National Law Journal, December 8, 2008
2008	Cadwalader, Wickersham & Taft	New York											National Law Journal, December 8, 2008
2008	Cahill Gordon & Reindel	New York											National Law Journal, December 8, 2008
2008	Carlton Fields	Tampa, Fla.	$650	$305	$335	$195	$267	$435	$334	$265	$435	$325	National Law Journal, December 8, 2008
2008	Chapman and Cutler	Chicago											National Law Journal, December 8, 2008
2008	Cleary Gottlieb Steen & Hamilton	New York											National Law Journal, December 8, 2008
2008	Cooley Godward Kronish	Palo Alto, Calif.	$980	$525	$570	$285							National Law Journal, December 8, 2008
2008	Covington & Burling	Washington											National Law Journal, December 8, 2008
2008	Cozen O'Connor	Philadelphia	$840	$240	$650	$205	$342	$457	$397	$325	$455	$385	National Law Journal, December 8, 2008
2008	Crowell & Moring	Washington											National Law Journal, December 8, 2008
2008	Curtis, Mallet-Prevost, Colt & Mosle	New York	$785	$675	$575	$290	$434	$730	$520	$435	$730	$515	National Law Journal, December 8, 2008
2008	Davis Polk & Wardwell	New York											National Law Journal, December 8, 2008
2008	Davis Wright Tremaine	Seattle	$710	$300	$405	$190	$280	$455	$395	$280	$450	$395	National Law Journal, December 8, 2008
2008	Day Pitney	Florham Park, N.J.	$710	$295	$450	$220							National Law Journal, December 8, 2008
2008	Debeoise & Plimpton	New York											National Law Journal, December 8, 2008
2008	Dewey & LeBoeuf	New York											National Law Journal, December 8, 2008
2008	Dickinson Wright	Detroit	$550	$275	$300	$180							National Law Journal, December 8, 2008
2008	Dickstein Shapiro	Washington	$895	$475	$475	$250	$378	$607	$493	$395	$605	$485	National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Dinsmore & Shohl	Cincinnati	$495	$220	$305	$160	$202	$347	$284	$198	$338	$275	National Law Journal, December 8, 2008
2008	DLA Piper	London											National Law Journal, December 8, 2008
2008	Dorsey & Whitney	Minneapolis	$1,180	$235	$820	$170	$301	$505	$407	$335	$510	$430	National Law Journal, December 8, 2008
2008	Drinker Biddle & Reath	Philadelphia											National Law Journal, December 8, 2008
2008	Duane Morris	Philadelphia	$755	$340	$510	$230	$326	$490	$449	$350	$505	$450	National Law Journal, December 8, 2008
2008	Dykema Gossett	Detroit	$650	$265	$435	$170	$277	$415					National Law Journal, December 8, 2008
2008	Edwards Angell Palmer & Dodge	Boston	$755	$325	$480	$170						$450	National Law Journal, December 8, 2008
2008	Epstein Becker & Green	New York	$850	$350	$450	$175	$312	$501	$406	$300	$495	$400	National Law Journal, December 8, 2008
2008	Faegre & Benson	Minneapolis											National Law Journal, December 8, 2008
2008	Fenwick & West	Mountain View, Calif.											National Law Journal, December 8, 2008
2008	Fish & Richardson	Boston											National Law Journal, December 8, 2008
2008	Fisher & Phillips	Atlanta	$505	$330	$380	$195							National Law Journal, December 8, 2008
2008	Fitzpatrick, Cella, Harper & Scinto	New York											National Law Journal, December 8, 2008
2008	Foley & Lardner	Milwaukee	$985			$185	$405	$596	$508	$395	$585	$520	National Law Journal, December 8, 2008
2008	Foley Hoag	Boston											National Law Journal, December 8, 2008
2008	Ford & Harrison	Atlanta	$585	$325	$405	$245							National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate L	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Fowler White Boggs Banker	Tampa, Fla.	$525	$175	$325	$160	$222	$360	$314	$220	$350	$325	National Law Journal, December 8, 2008
2008	Fox Rothschild	Philadelphia	$590	$250	$395	$215	$275	$443	$378	$260	$450	$375	National Law Journal, December 8, 2008
2008	Fredrikson & Byron	Minneapolis	$590	$250	$315	$150	$237	$402	$340	$225	$395	$340	National Law Journal, December 8, 2008
2008	Fried, Frank, Harris, Shriver & Jacobson	New York											National Law Journal, December 8, 2008
2008	Frost Brown Todd	Cincinnati	$490	$225	$260	$145	$188	$317	$272	$180	$310	$270	National Law Journal, December 8, 2008
2008	Fulbright & Jaworski	Houston											National Law Journal, December 8, 2008
2008	Gardere Wynne Sewell	Dallas	$750	$380	$450	$210	$306	$502	$374	$300	$500	$390	National Law Journal, December 8, 2008
2008	Gibbons	Newark, N.J.	$700	$375	$415	$220							National Law Journal, December 8, 2008
2008	Gibson, Dunn & Crutcher	Los Angeles											National Law Journal, December 8, 2008
2008	Godfrey & Kahn	Milwaukee											National Law Journal, December 8, 2008
2008	Gordon & Rees	San Francisco											National Law Journal, December 8, 2008
2008	Goulston & Storrs	Boston											National Law Journal, December 8, 2008
2008	GrayRobinson	Orlando, Fla.	$650	$200	$275	$125	$164	$310	$239	$167	$285	$252	National Law Journal, December 8, 2008
2008	Greenberg Traurig	New York	$850	$335	$525	$175	$323	$520	$426	$325	$535	$425	National Law Journal, December 8, 2008
2008	Harris Beach	Rochester, N.Y.	$475	$250	$275	$140							National Law Journal, December 8, 2008
2008	Herrick, Feinstein	New York											National Law Journal, December 8, 2008
2008	Hiscock & Barclay	Syracuse, N.Y.	$650	$190	$430	$145	$235	$361	$319	$224	$359	$322	National Law Journal, December 8, 2008
2008	Hodgson Russ	Buffalo, N.Y.	$665	$240	$450	$165	$230	$355	$303	$235	$350	$300	National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Bil[illegible] Rate	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Hogan & Hartson	Washington	$900	$375	$550	$150	$410	$660	$525	$400	$650	$525	National Law Journal, December 8, 2008
2008	Holland & Hart	Denver	$615	$295	$355	$175	$269	$414	$350	$275	$405	$345	National Law Journal, December 8, 2008
2008	Holland & Knight	Tampa, Fla.											National Law Journal, December 8, 2008
2008	Holme Roberts & Owen	Denver	$635	$285	$525	$160	$294	$415	$355	$265	$410	$345	National Law Journal, December 8, 2008
2008	Honigman Miller Schwartz and Cohn	Detroit											National Law Journal, December 8, 2008
2008	Howard Rice Nemerovski Canady Falk & Rabkin	San Francisco	$795	$515	$510	$275							National Law Journal, December 8, 2008
2008	Hughes Hubbard & Reed	New York	$875	$625	$600	$270							National Law Journal, December 8, 2008
2008	Hunton & Williams	Richmond, Va.											National Law Journal, December 8, 2008
2008	Husch Blackwell Sanders	St. Louis	$740	$205	$380	$150	$218	$352	$302	$215	$340	$300	National Law Journal, December 8, 2008
2008	Ice Miller	Indianopolis, Ind.											National Law Journal, December 8, 2008
2008	Irell & Manella	Los Angeles											National Law Journal, December 8, 2008
2008	Jackson Kelly	Charleston, W. Va.	$435	$200	$335	$135	$155	$238	$214	$151	$247	$212	National Law Journal, December 8, 2008
2008	Jackson Lewis	White Plains, N.Y.	$595	$250	$405	$180							National Law Journal, December 8, 2008
2008	Jenner & Block	Chicago	$1,000	$525	$495	$325	$393	$616		$375	$575		National Law Journal, December 8, 2008
2008	Jones Day	Cleveland											National Law Journal, December 8, 2008
2008	Jones, Walker, Waechter, Poitevent, Carrere & Denegre	New Orleans	$620	$225	$250	$140	$186	$332	$277	$180	$325	$275	National Law Journal, December 8, 2008
2008	Katten Muchin Rosenman	Chicago											National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Kaye Scholer	New York											National Law Journal, December 8, 2008
2008	Kelley Drye & Warren	New York	$850	$430	$520	$255							National Law Journal, December 8, 2008
2008	Kenyon & Kenyon	New York											National Law Journal, December 8, 2008
2008	Kilpatrick Stockton	Atlanta	$695	$310	$400	$225	$290	$485	$400	$275	$475	$395	National Law Journal, December 8, 2008
2008	Kirkland & Ellis	Chicago											National Law Journal, December 8, 2008
2008	Kirkpatrick & Lockhart Preston Gates Ellis	Pittsburgh											National Law Journal, December 8, 2008
2008	Knobbe, Martens, Olson & Bear	Irvine, Calif.	$660	$375	$430	$245	$287	$473		$275	$450	$362	National Law Journal, December 8, 2008
2008	Kramer Levin Naftalis & Frankel	New York											National Law Journal, December 8, 2008
2008	Lane Powell	Seattle	$550	$325	$325	$195	$270	$405	$327	$275	$400	$350	National Law Journal, December 8, 2008
2008	Latham & Watkins	Los Angeles											National Law Journal, December 8, 2008
2008	Lathrop & Gage	Kansas City, Mo.	$490	$255	$265	$180							National Law Journal, December 8, 2008
2008	LeClairRyan	Richmond, Va.											National Law Journal, December 8, 2008
2008	Leonard, Street and Deinard	Minneapolis	$530	$310	$315	$200							National Law Journal, December 8, 2008
2008	Lewis and Roca	Phoenix											National Law Journal, December 8, 2008
2008	Lewis Brisbois Bisgaard & Smith	Los Angeles											National Law Journal, December 8, 2008
2008	Lewis, Rice & Fingersh	St. Louis	$440	$225	$305	$140							National Law Journal, December 8, 2008
2008	Lindquist & Vennum	Minneapolis	$450	$280	$295	$180	$218	$367	$309	$210	$375	$330	National Law Journal, December 8, 2008
2008	Littler Mendelson	San Francisco											National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Bil[illegible] Rate [illegible]	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Locke Lord Bissell & Liddell	Dallas	$975	$375	$450	$225	$313	$527	$433	$300	$525	$450	National Law Journal, December 8, 2008
2008	Loeb & Loeb	New York	$925	$450	$500	$260	$422	$651	$534	$425	$650	$500	National Law Journal, December 8, 2008
2008	Lowenstein Sandler	Roseland, N.J.	$765	$400	$405	$220							National Law Journal, December 8, 2008
2008	Luce, Forward, Hamilton & Scripps	San Diego	$650	$350	$460	$235	$293	$483	$397	$280	$483	$400	National Law Journal, December 8, 2008
2008	Manatt, Phelps & Phillips	Los Angeles	$850	$495	$505	$290	$407	$626	$533	$410	$620	$550	National Law Journal, December 8, 2008
2008	Marshall, Dennehey, Warner, Coleman & Goggin	Philadelphia	$400	$135	$300	$120							National Law Journal, December 8, 2008
2008	McCarter & English	Newark, N.J.	$635	$325	$395	$215	$280	$435	$353	$285	$440	$345	National Law Journal, December 8, 2008
2008	McDonnell Boehnen	Chicago											National Law Journal, December 8, 2008
2008	McElroy, Deutsch, Mulvaney & Carpenter	Morristown, N.J.	$450	$295	$225	$135	$180	$250	$195	$165	$235	$215	National Law Journal, December 8, 2008
2008	McKee Nelson	New York	$995	$665	$630	$395							National Law Journal, December 8, 2008
2008	McKenna Long & Aldridge	Atlanta	$750	$370	$450	$220	$274	$454					National Law Journal, December 8, 2008
2008	Michael Best & Friedrich	Milwaukee	$620	$235	$330	$190	$252	$391	$340	$245	$375	$305	National Law Journal, December 8, 2008
2008	Miles & Stockbridge	Baltimore, Md.											National Law Journal, December 8, 2008
2008	Miller & Martin	Chattanooga, Tenn.	$610	$210	$305	$180	$210	$354	$316	$205	$360	$330	National Law Journal, December 8, 2008
2008	Miller, Canfield, Paddock and Stone	Detroit	$620	$275	$375	$165	$240	$425	$347	$240	$425	$355	National Law Journal, December 8, 2008
2008	Montgomery, McCracken, Walker & Rhoads	Philadelphia	$585	$360	$365	$195	$270	$440	$360				National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Moore & Van Allen	Charlotte, N.C.	$770	$280	$365	$180	$256	$425	$238	$250	$410	$273	National Law Journal, December 8, 2008
2008	Morgan, Lewis & Bockius	Philadelphia											National Law Journal, December 8, 2008
2008	Morrison & Foerster	San Francisco											National Law Journal, December 8, 2008
2008	Munger, Tolles & Olson	Los Angeles											National Law Journal, December 8, 2008
2008	Neal, Gerber & Eisenberg	Chicago											National Law Journal, December 8, 2008
2008	Nelson Mullins Riley & Scarborough	Columbia, S.C.											National Law Journal, December 8, 2008
2008	Nexsen Pruet	Columbia, S.C.	$450	$250	$250	$170							National Law Journal, December 8, 2008
2008	Nixon Peabody	Boston	$845	$565	$350	$230	$370	$570	$468	$365	$590	$430	National Law Journal, December 8, 2008
2008	O'Melveny & Myers	New York											National Law Journal, December 8, 2008
2008	Ogletree, Deakins, Nash, Smoak & Stewart	Greenville, S.C.	$600	$275	$380	$185	$266	$367	$325				National Law Journal, December 8, 2008
2008	Parker Poe Adams & Bernstein	Charlotte, N.C.											National Law Journal, December 8, 2008
2008	Patton Boggs	Washington	$990	$360	$535	$244	$372	$586	$440	$385	$570	$455	National Law Journal, December 8, 2008
2008	Paul, Hastings, Janofsky & Walker	Los Angeles											National Law Journal, December 8, 2008
2008	Paul, Weiss, Rifkind, Wharton & Garrison	New York											National Law Journal, December 8, 2008
2008	Pepper Hamilton	Philadelphia	$795	$385	$395	$240							National Law Journal, December 8, 2008
2008	Perkins Coie	Seattle	$785	$260	$515	$165	$329	$498					National Law Journal, December 8, 2008
2008	Phelps Dunbar	New Orleans	$450	$170	$260	$130	$171	$256	$213	$165	$250	$205	National Law Journal, December 8, 2008

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2008	Phillips Lytle	Buffalo, N.Y.	$475	$250	$355	$155	$230	$334	$288	$220	$330	$300	National Law Journal, December 8, 2008
2008	Pillsbury	New York											National Law Journal, December 8, 2008
2008	Plunkett & Cooney	Bloomfield Hills, Mich.											National Law Journal, December 8, 2008
2008	Polsinelli Shalton Flanigan Suelthaus	Kansas City, Mo.	$600	$250	$275	$175							National Law Journal, December 8, 2008
2008	Proskauer Rose	New York											National Law Journal, December 8, 2008
2008	Quarles & Brady	Milwaukee	$625	$280	$375	$200	$252	$419	$347	$245	$420	$342	National Law Journal, December 8, 2008
2008	Reed Smith	Pittsburgh	$900	$375	$580	$235	$423	$626	$441	$390	$585	$425	National Law Journal, December 8, 2008
2008	Reinhart Boerner Van Deuren	Milwaukee											National Law Journal, December 8, 2008
2008	Robinson & Cole	Hartford, Conn.	$650	$320	$350	$210	$276	$436	$346	$275	$440	$350	National Law Journal, December 8, 2008
2008	Roetzel & Andress	Akron, Ohio	$500	$225	$295	$170	$219	$333	$292	$215	$325	$300	National Law Journal, December 8, 2008
2008	Ruden McClosky	Fort Lauderdale, Fla.											National Law Journal, December 8, 2008
2008	Rutan & Tucker	Costa Mesa, Calif.	$635	$315	$370	$220							National Law Journal, December 8, 2008
2008	Saul Ewing	Philadelphia	$800	$295	$535	$205	$285	$441	$372	$255	$430	$380	National Law Journal, December 8, 2008
2008	Schiff Hardin	Chicago											National Law Journal, December 8, 2008
2008	Schnader Harrison Segal & Lewis	Philadelphia	$625	$275	$375	$160							National Law Journal, December 8, 2008
2008	Schulte Roth & Zabel	New York	$895	$695	$650	$255	$495	$770	$550	$510	$755	$530	National Law Journal, December 8, 2008

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2008	Sedgwick, Detert, Moran & Arnold	San Francisco	$650	$295	$390	$185	$262	$398	$318	$260	$380	$300	National Law Journal, December 8, 2008
2008	Seward & Kissel	New York											National Law Journal, December 8, 2008
2008	Shearman & Sterling	New York											National Law Journal, December 8, 2008
2008	Sheppard, Mullin, Richter & Hampton	Los Angeles	$795	$475	$580	$275							National Law Journal, December 8, 2008
2008	Sherman & Howard	Denver											National Law Journal, December 8, 2008
2008	Shoook, Hardy & Bacon	Kansas City, Mo.											National Law Journal, December 8, 2008
2008	Shughart Thomson & Kilroy	Kansas City, Mo.	$500	$240	$245	$185							National Law Journal, December 8, 2008
2008	Shumaker, Loop & Kendrick	Toledo, Ohio	$500	$225	$380	$185	$227	$329	$297	$225	$325	$315	National Law Journal, December 8, 2008
2008	Shutts & Bowen	Miami	$540	$190	$240	$190							National Law Journal, December 8, 2008
2008	Sills Cummis & Gross	Newark, N.J.	$725	$395	$425	$215							National Law Journal, December 8, 2008
2008	Simpson Thacher & Bartlett	New York											National Law Journal, December 8, 2008
2008	Skadden, Arps, Slate, Meagher & Flom	New York											National Law Journal, December 8, 2008
2008	Smith, Gambrell & Russell	Atlanta	$595	$260	$335	$155							National Law Journal, December 8, 2008
2008	Snell & Wilmer	Phoenix	$725	$300	$420	$170	$271	$444	$354				National Law Journal, December 8, 2008
2008	Squire, Sanders & Dempsey	Cleveland											National Law Journal, December 8, 2008
2008	Steptoe & Johnson LLP	Washington	$895	$350	$685	$210	$384	$591	$477	$395	$580	$470	National Law Journal, December 8, 2008

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2008	Steptoe & Johnson PLLC	Clarksburg, W. Va.	$325	$200	$250	$170							National Law Journal, December 8, 2008
2008	Stevens & Lee	Reading, Pa.											National Law Journal, December 8, 2008
2008	Stinson Morrison Hecker	Kansas City, Mo.	$680	$275	$290	$190	$224	$363	$293	$228	$373	$275	National Law Journal, December 8, 2008
2008	Stites & Harbison	Louisville, Ky.											National Law Journal, December 8, 2008
2008	Stoel Rives	Portland, Ore.	$550	$290	$365	$170							National Law Journal, December 8, 2008
2008	Strasburger & Price	Dallas	$580	$300	$395	$185			$334				National Law Journal, December 8, 2008
2008	Sullivan & Worcester	Boston	$775	$450	$490	$270	$343	$603	$485	$330	$600	$495	National Law Journal, December 8, 2008
2008	Sutherland Asbill & Brennan	Atlanta	$750	$395	$450	$240	$316	$543	$379	$300	$530	$380	National Law Journal, December 8, 2008
2008	Taft Stettinius & Hollister	Cincinnati	$475	$200	$325	$165	$217	$354	$294	$195	$355	$295	National Law Journal, December 8, 2008
2008	Thompson & Knight	Dallas	$785	$410	$500	$250	$334	$545	$453	$345	$530	$450	National Law Journal, December 8, 2008
2008	Thompson Coburn	St. Louis	$555	$295	$400	$170							National Law Journal, December 8, 2008
2008	Thompson Hine	Cleveland	$740	$275	$510	$185	$240	$425	$330	$235	$420	$325	National Law Journal, December 8, 2008
2008	Townsend and Townsend and Crew	San Francisco											National Law Journal, December 8, 2008
2008	Troutman Sanders	Atlanta											National Law Journal, December 8, 2008
2008	Ulmer & Berne	Cleveland	$495	$230	$310	$175	$205	$319	$262				National Law Journal, December 8, 2008
2008	Vedder Price	Chicago	$685	$310	$390	$235	$290	$455	$385	$290	$445	$390	National Law Journal, December 8, 2008

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2008	Venable	Washington	$950	$380	$425	$250	$329	$530	$440	$320	$525	$440	National Law Journal, December 8, 2008
2008	Vinson & Elkins	Houston											National Law Journal, December 8, 2008
2008	Vorys, Sater, Seymour and Pease	Columbus, Ohio											National Law Journal, December 8, 2008
2008	Weil, Gotshal & Manges	New York											National Law Journal, December 8, 2008
2008	White & Case	New York	$1,260	$550	$920	$160	$456	$747	$513				National Law Journal, December 8, 2008
2008	White and Williams	Philadelphia											National Law Journal, December 8, 2008
2008	Wiggin and Dana	New Haven, Conn.	$600	$360	$375	$215							National Law Journal, December 8, 2008
2008	Wildman, Harrold, Allen & Dixon	Chicago											National Law Journal, December 8, 2008
2008	Wiley Rein	Washington											National Law Journal, December 8, 2008
2008	Williams Mullen	Richmond, Va.	$625	$300	$355	$170	$260	$401	$344	$255	$380	$350	National Law Journal, December 8, 2008
2008	Willkie Farr & Gallagher	New York											National Law Journal, December 8, 2008
2008	Winstead	Dallas	$655	$365	$385	$215	$282	$465	$390				National Law Journal, December 8, 2008
2008	Winston & Strawn	Chicago	$975	$400	$625	$210	$376	$622	$448				National Law Journal, December 8, 2008
2008	Wolf, Block, Schorr and Solis-Cohen	Philadelphia											National Law Journal, December 8, 2008
2008	Womble Carlyle Sandridge & Rice	Winston-Salem, N.C.	$750	$285	$370	$140	$275	$448	$248	$275	$450	$200	National Law Journal, December 8, 2008
2008	Wyatt Tarrant & Combs	Louisville, Ky.	$450	$225	$255	$180	$210	$340	$300	$210	$345	$310	National Law Journal, December 8, 2008

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Practice Leader for The Amrop Hever Group
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- Corporate and business strategy
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- Change management and new technologies
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- New business development and innovation
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- Corporate Communication

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Overview of BPI
BPI supports major national, European and international corporate transformation projects with significant impact on the organization and human resources.

Main contexts and issues:
- Delocalization
- Restructuring
- Site closure
- Outsourcing, business closures
- Mergers and acquisitions
- Reorganization
- Change in business strategy
- Setting up of performance-oriented systems
- Conflict management
- Internationalization of corporate cultures

Hay Group
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The HAY GROUP one of the world's largest human resources consulting firms, is well suited for the challenge of putting people before strategy. For almost 60 years we have helped organizations around the globe achieve their goals by addressing critical people issues.

Our understanding of these important issues is built on years of research into motivation and performance, design of jobs and work, and rewards.

Organizations, of course, have changed. Global competition, technology, customer focus, and the need for speed and flexibility have transformed the success equation.

To get the results you want you still must depend on your people to carry the day. You must select talented individuals; develop, motivate, and reward them; and provide them with organizational cultures and work processes that will allow them to succeed.

Which is why organizations continue to turn to the Hay Group. Whatever your people issue, we can provide expert assistance that truly adds value.

Horizon Research Consultancy Group
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As one of pioneers in market research with a history over a decade, Horizon Research Consultancy Group is now a leading firm in professional research and management consulting in China. It is composed of four subsidiaries: Horizon Research for market research, Progress Strategy for management consulting, Horizonkey.com for hot cultural and economic online studies, and Vision Investment for projects-selection and advice for investors. Horizon Group offers professional services to Chinese and foreign corporations in greater China by employing advanced data-based research findings, innovative methodologies, and China-fit solutions.

IBM Business Consulting Services
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With more than 55,000 consultants and professional staff in more than 160 countries globally, IBM Business Consulting Services is the world's largest consulting services organization. IBM Business Consulting Services provides clients with business process and industry expertise, a deep understanding of technology solutions that address specific industry issues, and the ability to design, build and run those solutions in a way that delivers bottom-line business value.

ipCapital Group, Inc.
400 Cornerstone Drive, Suite 325
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Since 1998, ipCapital Group, Inc. has served as trusted advisors to Fortune 1000 executives in a wide range of industries. Our professional services maximize financial returns for clients that seek to develop and execute intellectual property (IP) strategies, strengthen and monetize IP portfolios, and establish and implement Intellectual Asset Management (IAM) practices. We have an interdisciplinary team trained in business, law, and research and product development that provides a systematic and comprehensive view of the full lifecycle of IP, from creation to monetization to retirement.

Management Consulting Group PLC
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Management Consulting Group comprises a group of specialist consultancies that are managed separately and

go to market with their distinct brands. It continually invests in its consultancies to ensure they deliver profitable, sustainable revenue growth.

MCG seeks to acquire consultancies that either diversify the range of consulting offerings available to clients or deepen the coverage of existing Group offerings. By working as part of the MCG Group the consultancies are able to benefit from cross referrals, economies of scale, collaboration and the global reach and scale of the Group.

The Management Consulting Group PLC currently consists of seven consulting firms:

- CBH Consulting
- Ineum Consulting
- KSA Consulting
- Proudfoot Consulting
- Parson Consulting
- Salzer Consulting
- Viaduct Consulting

Clients can purchase services either via MCG as a whole or directly from group consultancies.

www.mcgplc.com

CBH Consulting specialises in delivering industry specific performance management and business intelligence solutions for large and medium sized enterprises.

www.cbhinc.com

Ineum Consulting is an industry-specialist consulting firm, split into seven discrete industry groupings. The groupings serve enterprises in the financial, manufacturing, consumer products, utilities, public, transportation, telecoms and media sectors. Additionally there is a specialist middle market group to meet the needs of dynamic and growing businesses

www.ineumconsulting.com

Kurt Salmon Associates is the premier global management consulting firm focused on the retail and consumer products industries; and the healthcare industries.

They work closely with clients to create accelerated value, through tailored solutions for business growth, margin management, inventory efficiency, productivity improvement, and technology effectiveness.

KSA helps clients around the world achieve significant gains in strategic position, growth, profits, and overall financial performance.

www.kurtsalmon.com

Parson Consulting specialises in financial management consultancy. It is free of auditing conflicts of interest and provides Sarbanes-Oxley compliant services. It has four service lines: governance and risk management,

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operational financial management; strategic financial management and transaction support. Parson Consulting's primary appeal is to chief financial officers whose intent is achieving the highest standards of financial management.

www.parsonconsulting.com

Proudfoot Consulting helps clients to achieve significantly increased profitability through the implementation of operational improvements leading to increased sales, lower operating and overhead costs, greater output and lower capital expenditure. Proudfoot Consulting's appeal is to operationally focused senior managers intent on achieving stretching operational goals and sustainable business improvement.

www.proudfootconsulting.com

Salzer Consulting offers a broad range of HR orientated services to multinationals entering and operating in Greater China and Asia. Services include accelerating start-ups, acquisition support, restructuring and revitalisation, executive search and project management.

www.salzer-consulting.com

Viaduct Consulting are strategy consultants who specialise in commercial due diligence across Europe. Typical clients might be looking to acquire a company, launch a new product, enter a new market or they may be seeking to respond to changing market or competitive conditions.

www.viaductconsulting.com

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Management Partner specializes in strengthening the competitive position of clients by implementing effective change management. Management Partner's Management of Change concept initially involves a detailed analysis of the firm and its current market position, followed by subsequent measures developed in client-consultant teams. Management Partner, in conjunction with the client, then works through an implementation program designed to optimize the firm's competitiveness quickly and efficiently. Management Partner has been working with top brand firms in the banking, publishing, automotive and automotive supply, machine tool and highly reputable brands for over 25 years. The firm's high quality services are provided in Western and Eastern Europe and in the United States.

Naremco Services Inc.
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E-mail: info@naremco.com

Naremco specializes in office systems consulting. Our consultants combine creativity and technical skills to solve administrative, information, and communications problems, increase productivity, and improve the work environment. Naremco matches tested quantitative and qualitative evaluation methods to specific client needs and objectives. We emphasize systems integration, client participation, and training.

Navigant Consulting, Inc.
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www.navigantconsulting.com

Navigant Consulting, Inc. (NYSE: NCI) is an international consulting firm combining deep industry expertise and integrated solutions to assist companies and their legal counsel in addressing the challenges of uncertainty, risk and leveraging opportunities for overall business improvement. Professional services include dispute, investigative, operational and business advisory, risk management and regulatory advisory, and transaction advisory solutions. The Company focuses on industries undergoing substantial regulatory or structural change, including financial services, insurance, healthcare and energy. Navigant Consulting has offices in over 40 cities in North America, Europe and Asia.

Princeton Consultants

Two Research Way	590 Fifth Avenue
Princeton, NJ 08540	New York, NY 10036
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Fax: 609-987-0033	212 575-3003

http://www.princeton.com/

Princeton Consultants Inc. has built a 22 year old reputation for growth and excellence by helping leading executives successfully transform their organizations.

We do this by combining the right and left sides of the brain, "Information Technology and Management Consulting," into a comprehensive structured methodology we call Rapid Action Delivery or RAD.

Our four key services are:
- Business Strategy
- Process Engineering
- Software Development
- Project Management

Since our founding, we have established long-term relationships with our clients built on our ability to help them in the full project lifecycle, from vision through implementation.

At Princeton Consultants, we believe in the power of combining the two into a stronger whole. We drive our projects from a strategic, best practices viewpoint, and power them with the latest in IT.

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We believe that many great strategies die in the execution phase. Princeton Consultants is therefore uniquely committed to partnering with our clients to not only identify the best strategies, but to work through implementation to ensure that the full results are realized.

RHR International Company
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RHR International is a world leader in executive and organizational development, particularly helping companies develop and align talent with strategy. RHR provides executive assessment, coaching and development, integration and onboarding, senior level team building, high potential development and large scale change implementation services. With over 70 doctorate level business psychologists, RHR specializes in human behavior and its effect on corporate performance.

RHR works with three distinct levels of talent – the Chief Executive and senior teams; those high potentials who have the capacity to rise to the top; and the other talented executives who are critical to driving organizational performance. We believe that properly deployed, people are the most valuable competitive advantage an organization can possess.

Founded in 1945, RHR International has offices in the US, Canada, Belgium, Germany, Russia and the United Kingdom. The company is headquarted in Wood Dale, Illinois.

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The Robert E. Nolan Company provides a wide range of management consulting services internationally. The staff of 50 professionals are specialists in Operations Improvement, Strategic Technologies, Quality Processes, Process Redesign, Process Improvement, Measurement Systems, and Recognition & Reward Programs. We specialize in the insurance, health care, and banking industries.

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"Business Solutions. *Delivered.*"

Founded in 1990, Templeton & Company is a professional services firm providing comprehensive business solutions to help our clients discover and realize their vision. Located in West Palm Beach, the firm provides services to businesses in multiple industries with a focus on accounting, tax and technology consulting. Templeton & Company is a Microsoft Business Solutions Partner and is a recognized leader in providing innovative and agile business solutions for clients.

Our solutions include:

- ERP system design, implementation, and consulting
- CRM system design, implementation, and consulting
- System integration and business intelligence software and consulting
- *CRM for Professionals* for professional services firms
- Tax and business continuity strategy and planning
- Tax compliance services
- Financial statement audit and assurance services
- Business valuations
- Mergers & acquisitions consulting

The Center for Organizational Excellence
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Since our founding in 1984, COE has helped a diverse set of organizations become more effective at achieving results through the application of our organizational improvement services. Through our proprietary Organizational Effectiveness (OE) Model, we assess and improve effectiveness in 10 key organizational elements. We provide organizational leaders with effective methods and plans for exploiting strengths, eliminating weaknesses, and achieving results of consequence. COE is a value-based firm - this means we provide the highest quality expertise dedicated to meeting the objectives of our engagement with you. We begin each engagement with a clear statement of expectations with an emphasis on results.

The Quint Wellington Redwood Group
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Quint Wellington Redwood Group is a mid-size management consulting firm specialised in IT management. Quint supports its customers, being IT organizations in large enterprises and IT service providers, in areas

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such as optimisation of their operations, management of change, process improvement, business IT alignment, performance improvement programs, total cost of ownership analysis etc. Quint provides consulting services, project and interim management services and training services. Quint has an international operation and offices in Amsterdam, Antwerp, Miami, Kuala Lumpur, Tokyo, Sao Paulo and Mexico City.

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Regional offices: Chicago, Honolulu, Los Angeles, Nashville New York, San Francisco, Philadelphia, Sacramento, Saint Louis, Seattle, Tampa, Washington, D.C.
International offices: Toronto, London

Saint Consulting specializes in winning zoning and land use battles for global and national companies.

Founded in 1983, the firm is the world leader in the new management consulting discipline of land use politics — solving difficult political problems surrounding the permitting of controversial real estate projects.

In an era of 'smart growth,' anti-sprawl, NIMBYism (Not In My Back Yard) and grassroots movements to block new real estate projects because of environmental, historic preservation or 'community character' concerns, companies find it increasingly difficult to gain local approval and acceptance of their mission-critical projects. At the same time, to protect their own market share, they must stop competitive entry into their markets.

Saint Consulting specializes in analyzing the local political climate, creating innovative political campaign strategies and implementing those strategies on behalf of clients. We have been actively engaged on more than 950 projects worldwide, servicing clients from 13 offices in the US, and offices in London and Toronto.

Our clients are primarily drawn from real estate development organizations (commercial, retail, residential) national and regional retailers and commercial enterprises that need local permission to build or operate. Our project experiences ranges from large mixed-use developments to regional malls, shopping centers, strip malls, multi-family housing, office buildings, large chain 'big box' retailers, landfills, hospitals, quarries and mining, oil refineries, resorts, country clubs and utilities.

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Towers Perrin is a global professional services firm that helps organizations around the world optimize performance through effective people, risk and financial management. The firm provides innovative solutions to client issues in the areas of human resource strategy, design and management; actuarial and management

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consulting to the financial services industry; and reinsurance intermediary services.

The firm has served large organizations in both the private and public sectors for 70 years. Our clients include three-quarters of the world's 500 largest companies and three-quarters of the *Fortune* 1000 U.S. companies.

Towers Perrin has offices in 25 countries.

Our businesses include HR Services, Reinsurance and Tillinghast.

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Tunnell Consulting is a leading-edge management consulting firm that delivers a total organizational improvement approach to business success. With a 40-year track record, an extensive staff of scientists, engineers and technical experts, and a commitment to industry best practices, the firm integrates technical expertise with process improvement, organizational change and supply chain optimization to effect maximum change in a broad range of client environments. The company stresses an implementation, results-oriented approach to client projects that meets clients' exact and unique needs, that leads to a transfer of critical knowledge, and that significantly impacts the bottom line. The firm has a developed specialty in the pharmaceutical industry.

Watson Wyatt Worldwide
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WATSON WYATT WORLDWIDE is one of the world's leading actuarial, benefits and human resources consulting firms. The firm has 5,000 employees in 36 countries. We work with organizations of all sizes and types, ranging from the largest multinationals to public employers to nonprofit institutions. Our associates include consultants, actuaries, attorneys and other specialists in the areas of human resources, health care, finance, benefits, communications, compensation, investment and technology.

Illinois American Water
Service Company Cost Study
Summary of Cost of IL Self Provisioning of Services from AWWS

Exhibit 1.04
Schedule 1

Line #		Self Provisioning # FTE	Cost	Source
1	Level 1 - 4 Costs for FTE	182.50	$ 26,726,252	Exhibit 1.04, Sch 2
2	Level 5 Costs based on FTE		3,653,745	See below
3	Total Cost of Self Provision		30,379,997	
4	Forecasted Total Service Costs 2010		24,927,364	2010 Forecast
5	Additional On-going Cost to Self Provision Services		5,452,633	
6	One-time Costs to Initiate Self Provisioning of Services		1,345,208	See Below
7	Total Additional Costs of Self Provisioning of Services		$ 6,797,841	
8				
9	**Level 5 Costs - Self Provisioning**			
10	Level 5 Costs from Service Company Cost Study	$ 32,940,356		
11	Total Level 1 - 4 from Service Company Cost Study	240,950,631		
12	Percent Level 5 to Level 1 - 4 Costs	13.67%		
13	Level 1 -4 Costs Self Provisioned	26,726,252		
14	Level 5 Costs for Self Provisioning	$ 3,653,745		
15				
16	**One Time Additional Costs:**			
17	Hiring Costs	$ 1,368,750	See Below	
18	Training / Orientation	136,875	See Below	
19	Relocation Cost	2,530,000	See Below	
20	Total Other Costs	$ 4,035,625		
21				
22	Three Year Amortization	$ 1,345,208		
23				
24	Average Cost to Hire	$ 10,000	Refer to Support Wokrpaper	
25	# FTE to Hire Externally	137	Based on 3/4 of additional FTE	
26		$ 1,368,750		
27				
28	Training / Orientation Costs	$ 1,000	Refer to Support Wokrpaper	
29	# FTE to Hire Externally	137	Based on 3/4 of additional FTE	
30		$ 136,875		
31				
32	Relocation Cost	$ 55,000	Refer to Support Wokrpaper	
33	# FTE to Relocate	46	Based on 1/4 of additional FTE	
34		$ 2,530,000		
35				

Illinois American Water — **Exhibit 1.04**
Service Company Cost Study — **Schedule 2**
Cost Analysis for IL Self Provisioning of Service Company Services

Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly OH Rate	Overhead Cost	Total Cost
Operations Services	Clerk Accounting (N)	0.25	$ 20.76	$ 9,557	$ 41.80	$ 19,243	$ 28,800
Operations Services	Clerk Documentation (N)	0.25	18.00	8,286	40.02	18,424	26,710
Operations Services	Clerk Sample Custody (N)	0.25	15.46	7,117	38.39	17,673	24,790
Operations Services	Documentation Lead (N)	0.25	20.44	9,410	41.60	19,151	28,561
Operations Services	Lab Analyst (N)	1.00	27.16	50,013	45.93	84,577	134,590
Operations Services	Laboratory Director	1.00	83.40	153,575	82.23	151,421	304,996
Operations Services	Mgr Chemistry	0.50	46.35	42,675	58.31	53,687	96,362
Operations Services	Mgr QA/QC Water Quality	0.50	47.05	43,320	58.76	54,101	97,421
Operations Services	Sr Lab Analyst	2.00	34.58	127,353	50.73	186,832	314,185
Customer Service Ctr	Admin Asst (N)	1.00	18.65	34,343	20.91	38,504	72,847
Customer Service Ctr	Analyst Business	1.00	37.96	69,901	32.74	60,288	130,189
Customer Service Ctr	Specialist Opns & Perf Rptg	1.00	28.33	52,168	26.84	49,424	101,592
Customer Service Ctr	VP Customer Svc	1.00	89.36	164,550	64.22	118,257	282,807
Customer Service Ctr	HR Generalist	1.00	31.89	58,723	46.56	85,737	144,460
Customer Service Ctr	Call Handlers - Union	24.00	15.73	695,177	20.23	894,052	1,589,229
Customer Service Ctr	CS Specialist (CSR-4)	3.00	20.83	115,071	23.82	131,589	246,660
Customer Service Ctr	CSR Time Critical (CSR-3)	1.00	18.68	34,398	22.31	41,082	75,480
Customer Service Ctr	Suprv Floor (N)	1.00	19.13	35,227	22.62	41,653	76,880
Customer Service Ctr	Team Supvr Call Handling	1.00	25.46	46,883	27.06	49,829	96,712
Customer Service Ctr	CSR-3 Billing Specialist	7.00	19.22	247,746	21.65	279,069	526,815
Customer Service Ctr	CSR-4 Technical Coordinator	2.00	21.10	77,708	22.87	84,227	161,935
Customer Service Ctr	Mgr Billing	1.00	46.51	85,645	39.31	72,387	158,032
Customer Service Ctr	CSR-1 Collections Rep.	1.00	17.03	31,360	21.25	39,130	70,490
Customer Service Ctr	CSR-3 Collections Specialist	2.00	19.03	70,085	22.64	83,380	153,465
Customer Service Ctr	Mgr Collections	1.00	43.23	79,605	39.41	72,571	152,176
Customer Service Ctr	Intmd Financial Analyst	1.00	32.80	60,399	32.04	58,999	119,398
Customer Service Ctr	Mgr CSC Opns & Performance	1.00	52.07	95,883	44.93	82,736	178,619
Customer Service Ctr	Mgr Business Services	1.00	68.19	125,567	47.75	87,928	213,495
Customer Service Ctr	Specialist Performance	1.00	31.34	57,710	27.23	50,142	107,852
Customer Service Ctr	Analyst QA	1.00	22.44	41,322	24.57	45,244	86,566
Customer Service Ctr	Mgr Process	1.00	41.98	77,303	37.55	69,146	146,449
Div Ops Support & Reg Ops	Admin Asst (N)	1.00	21.87	40,272	20.39	37,547	77,819
Div Ops Support & Reg Ops	Analyst Premise QA (N)	1.00	22.69	41,782	20.88	38,449	80,231
Div Ops Support & Reg Ops	Coordinator FRCC	2.00	25.73	94,760	22.71	83,638	178,398
Div Ops Support & Reg Ops	Dir Cust & Oper Support	1.00	121.52	223,771	80.02	147,351	371,122
Div Ops Support & Reg Ops	Mgr Billing/Collection & Pymt	1.00	50.73	93,416	37.67	69,367	162,783
Div Ops Support & Reg Ops	Mgr FRCC	1.00	42.43	78,132	32.70	60,215	138,347
Div Ops Support & Reg Ops	Mgr Major Customer Accts	1.00	40.53	74,633	31.55	58,097	132,730
Div Ops Support & Reg Ops	Regional Service Support Repre	2.00	19.38	71,374	18.90	69,606	140,980
Div Ops Support & Reg Ops	Spec Bill/Pymt Collection (N)	1.00	28.62	52,702	24.44	45,005	97,707
Div Ops Support & Reg Ops	Specialist Contract Accts (N)	0.50	23.25	21,407	21.21	19,528	40,935

Total Cost based on 1,841.43 hours tmes Service Company Cost Study hourly rates.

Illinois American Water — **Exhibit 1.04**
Service Company Cost Study — **Schedule 2**
Cost Analysis for IL Self Provisioning of Service Company Services

Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly OH Rate	Overhead Cost	Total Cost
Div Ops Support & Reg Ops	Specialist Meter Mgmt (N)	0.50	20.17	18,571	19.38	17,843	36,414
Div Ops Support & Reg Ops	Supvr Meter Mgmt	1.00	34.79	64,063	28.12	51,781	115,844
Corporate Finance	Admin Asst (N)	1.00	20.01	36,847	17.72	32,630	69,477
Corporate Finance	Director of Rates	1.00	90.53	166,705	58.41	107,558	274,263
Corporate Finance	Exec Asst	1.00	27.60	50,824	22.11	40,714	91,538
Corporate Finance	Financial Analyst II (Rates)	3.00	37.73	208,432	27.95	154,404	362,836
Corporate Finance	Financial Analyst III (FP&A - Contract/Disclosures)	1.00	44.68	82,275	31.96	58,852	141,127
Corporate Finance	Mgr Financial Perf Plng & Rptg	1.00	76.26	140,428	50.18	92,403	232,831
Corporate Finance	Mgr Rates & Regulations	1.00	84.51	155,619	54.95	101,187	256,806
Corporate Finance	Regional Dir Finance	1.00	128.50	236,624	80.31	147,885	384,509
Corporate Finance	Sr Analyst Financial	2.00	50.17	184,769	35.13	129,379	314,148
Operations Services	Mgr Procurement	1.00	63.43	116,802	42.64	78,519	195,321
Div Ops Support & Reg Ops	Capital Program Administrator Missouri	0.50	43.94	40,456	36.60	33,698	74,154
Div Ops Support & Reg Ops	Drafter CAD (N)	1.00	28.12	51,781	27.38	50,418	102,199
Div Ops Support & Reg Ops	Engineer	1.00	44.68	82,275	37.03	68,188	150,463
Div Ops Support & Reg Ops	Engineering Tech (N)	0.50	44.68	41,138	37.03	34,094	75,232
Div Ops Support & Reg Ops	Illinos Director Engineering	1.00	81.16	149,451	58.28	107,319	256,770
Div Ops Support & Reg Ops	Mgr Engineering	1.00	67.08	123,523	50.09	92,237	215,760
Legal	Corp Counsel III Regional	2.00	78.43	288,847	52.60	193,719	482,566
Legal	Legal Sec	1.00	29.20	53,770	25.33	46,643	100,413
Legal	Paralegal	1.00	36.80	67,765	29.53	54,377	122,142
Legal	Regional General Counsel	1.00	130.26	239,865	81.32	149,745	389,610
Operations Services	Dir Maintenance	1.00	60.10	110,670	42.91	79,016	189,686
Operations Services	Mgr SCADA	0.50	48.31	44,480	36.26	33,385	77,865
Operations Services	NRW Manager	0.50	45.94	42,298	34.92	32,151	74,449
Operations Services	Supvr Maint Service	2.00	30.51	112,364	26.23	96,601	208,965
Operations Services	Supvr SCADA	1.00	38.78	71,411	30.90	56,900	128,311
Human Resources	Admin Asst (N)	0.50	21.28	19,593	27.17	25,016	44,609
Human Resources	HR Generalist	2.00	31.42	115,716	35.17	129,526	245,242
Human Resources	Mgr Human Resources	1.00	55.91	102,954	54.48	100,321	203,275
Human Resources	Regional Dir HR	1.00	104.26	191,988	92.59	170,498	362,486
Human Resources	Trainer HR	0.50	35.04	32,262	38.03	35,015	67,277
Operations Services	Admin Asst (N)	0.50	22.46	20,679	22.81	21,002	41,681
Operations Services	Dir Operational Risk Mgmt	1.00	72.60	133,688	52.52	96,712	230,400
Operations Services	Mgr Loss Control	1.00	44.62	82,165	35.94	66,181	148,346
Operations Services	Specialist Training	0.50	29.34	27,014	26.89	24,758	51,772
Other	Administrative Assistant / Researcher	0.25	39.77	18,308	27.96	12,872	31,180
Other	Dir Business Development	1.00	116.81	215,098	71.87	132,344	347,442
Other	Market Development Specialist	0.25	44.68	20,569	30.75	14,156	34,725
Other	Mgr Business Dev	0.50	52.60	48,430	35.25	32,455	80,885
Other	Sr Mgr Business Dev	1.00	73.39	135,143	47.12	86,768	221,911

Total Cost based on 1,841.43 hours tmes Service Company Cost Study hourly rates.

Illinois American Water **Exhibit 1.04**
Service Company Cost Study **Schedule 2**
Cost Analysis for IL Self Provisioning of Service Company Services

Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly OH Rate	Overhead Cost	Total Cost
Communications and External Affairs	Dir External Affairs - Area 3	1.00	78.85	145,197	66.11	121,737	266,934
Communications and External Affairs	Dir Govt Affairs (IN, OH)	1.00	61.27	112,825	55.63	102,439	215,264
Communications and External Affairs	Mgr Customer Communications - Area 3	1.00	52.60	96,859	50.46	92,919	189,778
Communications and External Affairs	Mgr Internal Communications - Area 3	1.00	51.54	94,907	49.84	91,777	186,684
Human Resources	Sr Analyst Compensation	1.00	42.98	79,145	44.70	82,312	161,457
Human Resources	Dir Labor & Employee Relations	1.00	105.34	193,976	90.64	166,907	360,883
Operations Services	Sr Strategic Buyer	1.00	43.71	80,489	39.05	71,908	152,397
Operations Services	Strategic Buyer	2.00	41.03	151,108	37.51	138,144	289,252
Human Resources	Sr Specialist Benefits (N)	1.00	26.97	49,663	31.85	58,650	108,313
Human Resources	Team Lead Reporting & Analysis	1.00	41.38	76,198	40.59	74,744	150,942
Legal	Counsel (SEC)	0.50	87.72	80,765	115.70	106,527	187,292
Legal	Employment & Labor Law Counsel	0.50	98.53	90,718	126.84	116,784	207,502
Corporate Finance	Mgr Financial Modeling & Evals	1.00	76.74	141,311	84.82	156,190	297,501
Operations Services	Mgr Security	1.00	43.13	79,421	42.87	78,942	158,363
Other	Proposal Manager	1.00	57.87	106,564	73.61	135,548	242,112
Corporate Finance	Dir Tax	1.00	102.05	187,918	76.32	140,538	328,456
Corporate Finance	Intmd Accountant Tax	1.00	36.24	66,733	37.61	69,256	135,989
Corporate Finance	Mgr Cash - Corp Treas	1.00	46.53	85,682	42.97	79,126	164,808
Corporate Finance	Sr Analyst Cash Management	1.00	36.78	67,728	37.31	68,704	136,432
Other	Sr Auditor	1.00	52.57	96,804	51.54	94,907	191,711
Operations Services	Capital Program Administrator	1.00	32.12	59,147	38.12	70,195	129,342
Operations Services	Planning Engineer	1.00	45.70	84,153	46.23	85,129	169,282
Operations Services	Project Mgr - Cap Program	1.00	40.88	75,278	43.36	79,844	155,122
Operations Services	Engr Environmental	3.00	45.42	250,913	19.77	109,215	360,128
Operations Services	Sr Engr Environmental	1.00	61.78	113,764	29.29	53,936	167,700
ITS	Dir Client Relations ITS	1.00	74.29	136,800	55.91	102,954	239,754
ITS	Specialist Client Supp I (N)	0.50	25.17	23,174	25.84	23,791	46,965
ITS	Specialist Client Supp II (N)	0.50	34.30	31,581	31.91	29,380	60,961
ITS	Security Compliance (SOX)	1.00	14.91	27,456	16.99	31,286	58,742
ITS	Lead PM	1.00	60.35	111,130	46.54	85,700	196,830
ITS	Lead Computer Operator (N)	1.00	34.17	62,922	31.96	58,852	121,774
ITS	Sr Computer Operator ITS (N)	1.00	25.62	47,177	26.22	48,282	95,459
ITS	Mgr Syst Maint & Perf ITS	1.00	70.09	129,066	91.64	168,749	297,815
ITS	Spec Middleware Supp-Citrix	1.00	46.61	85,829	76.75	141,330	227,159
ITS	Spec Network Server AIX ITS	2.00	51.34	189,078	79.75	293,708	482,786
ITS	Specialist Midrange Server ITS	1.00	45.04	82,938	75.75	139,488	222,426
ITS	Supp Spec Windows	1.00	46.73	86,050	76.82	141,459	227,509
ITS	Wan/Lan Support ITS	1.00	47.93	88,260	41.85	77,064	165,324
ITS	Mcafee Specialist	1.00	40.88	75,278	55.82	102,789	178,067
ITS	Database Administrator ITS	1.00	54.27	99,934	42.32	77,929	177,863
ITS	Mgr Application Dev ITS	1.00	71.23	131,165	66.26	122,013	253,178

Total Cost based on 1,841.43 hours tmes Service Company Cost Study hourly rates.

Illinois American Water **Exhibit 1.04**
Service Company Cost Study **Schedule 2**
Cost Analysis for IL Self Provisioning of Service Company Services

Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly OH Rate	Overhead Cost	Total Cost
ITS	Programmer Analyst	2.00	46.73	172,100	51.39	189,262	361,362
ITS	Sr Developer ITS	1.00	46.88	86,326	51.49	94,815	181,141
ITS	Web Master ITS	1.00	58.41	107,558	58.48	107,687	215,245
ITS	Analyst Business ITS	2.00	37.41	137,776	46.02	169,485	307,261
ITS	Team Lead Reporting ITS	1.00	55.11	101,481	56.62	104,262	205,743
ITS	Analyst QA ITS	1.00	31.57	58,134	30.29	55,777	113,911
ITS	Trainer/Documenter ITS	0.50	33.73	31,056	31.47	28,975	60,031
ITS	Application Solution Architect	1.00	73.01	134,443	54.68	100,689	235,132
Shared Services Ctr	Analyst Accounts Payable (N)	1.00	25.24	46,478	30.21	55,630	102,108
Shared Services Ctr	Specialist Accts Payable (N)	1.00	21.65	39,867	27.76	51,118	90,985
Shared Services Ctr	Team Lead Accounts Payable	0.50	35.53	32,713	37.24	34,287	67,000
Shared Services Ctr	Dir Accounting	1.00	89.20	164,256	70.42	129,674	293,930
Shared Services Ctr	Exec Asst	1.00	32.24	59,368	36.11	66,494	125,862
Shared Services Ctr	Intmd Accountant	1.00	28.62	52,702	31.17	57,397	110,099
Shared Services Ctr	Intmd Accountant Tax	1.00	31.31	57,655	32.89	60,565	118,220
Shared Services Ctr	Mgr Accounting ADD	1.00	54.03	99,493	47.45	87,376	186,869
Shared Services Ctr	Sr Accountant	1.00	34.81	64,100	35.14	64,708	128,808
Shared Services Ctr	Intmd Accountant Tax	1.00	30.68	56,495	33.88	62,388	118,883
Shared Services Ctr	Sr Analyst Support Services	0.50	38.21	35,181	38.96	35,871	71,052
Shared Services Ctr	Training Asst (N)	0.50	23.54	21,674	28.96	26,664	48,338
Shared Services Ctr	Analyst Cash Management	1.00	28.24	52,002	31.24	57,526	109,528
Shared Services Ctr	Team Lead Cash Management	0.50	40.24	37,050	39.01	35,917	72,967
Shared Services Ctr	Specialist Accounting (N)	1.00	25.11	46,238	28.40	52,297	98,535
Shared Services Ctr	Sr Accountant	1.00	34.78	64,045	34.44	63,419	127,464
Shared Services Ctr	Project Mgr	0.50	47.89	44,093	41.90	38,578	82,671
Shared Services Ctr	Analyst HR	1.00	33.80	62,240	33.43	61,559	123,799
Shared Services Ctr	Analyst Payroll	1.00	34.63	63,769	33.94	62,498	126,267
Shared Services Ctr	Team Lead Payroll	0.50	40.77	37,538	37.69	34,702	72,240
				$ 13,786,924		$ 12,939,328	$ 26,726,252

Function	# Positions	Cost
Communications and External Affairs	4.00	$ 858,660
Corporate Finance	17.00	3,190,721
Customer Service Ctr	55.00	4,892,148
Human Resources	9.00	1,704,484
ITS	25.50	4,732,438
Legal	6.00	1,489,525
Operations Services	26.00	3,984,797
Other	5.00	1,149,966
Shared Services Ctr	17.00	2,275,625
Div Ops Support & Reg Ops	18.00	2,447,888
	182.50	$ 26,726,252

Total Cost based on 1,841.43 hours tmes Service Company Cost Study hourly rates.

Illinois American Water
Service Company Cost Study
Cost Analysis for IL Self Provisioning of Service Company Services

Exhibit 1.04
Schedule 3

Line #		Customer Call Center	Benefits Service Center	Governance	Total
IAWC Self Provisioning Cost					
1	Level 1 - 4 Costs	$ 4,892,148	$ 259,255	$ 2,502,414	
2	Level 5 Cost Ratio	13.67%	13.67%	13.67%	
3	Level 5 Costs	668,805	35,443	342,105	
4	IAWC Total Cost for Self Provisioning	$ 5,560,953	$ 294,698	$ 2,844,519	$ 8,700,170
Additional Cost for Self Provisioning					
5	IAWC Total Cost for Self Provisioning	$ 5,560,953	$ 294,698	$ 2,844,519	$ 8,700,170
6	Forecasted Service Costs 2010	4,780,168	187,296	2,035,743	7,003,207
7	Additional Cost for Self Provisioning (1)	$ 780,785	$ 107,402	$ 808,776	$ 1,696,963

(1) Note: Amount does not reflect any additional cost related to hiring, training, orientation or relocation. Refer to Schedule 1 of Exhibit 1.04 for these costs on a total basis related to Self Provisioning.

Service Company Cost Study		# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List		Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services						
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
BELLEVILLE LAB	034517	BVLAB-Water Quality	Clerk Accounting (N)		1	0.25	This FTE is required to perform all the water quality testing and reporting
BELLEVILLE LAB	034517	BVLAB-Water Quality	Clerk Documentation (N)		2	0.25	for the Company. Please refer to the Belleville Lab cost study for
BELLEVILLE LAB	034517	BVLAB-Water Quality	Clerk Sample Custody (N)		2	0.25	details on water quality testing for the projected test year.
BELLEVILLE LAB	034517	BVLAB-Water Quality	Documentation Lead (N)		1	0.25	
BELLEVILLE LAB	034517	BVLAB-Water Quality	HR Asst (N)		1		
BELLEVILLE LAB	034517	BVLAB-Water Quality	Lab Analyst		10		
BELLEVILLE LAB	034517	BVLAB-Water Quality	Lab Analyst (N)		2	1	
BELLEVILLE LAB	034517	BVLAB-Water Quality	Lab Tech (N)		4		
BELLEVILLE LAB	034517	BVLAB-Water Quality	Laboratory Director		1	1	
BELLEVILLE LAB	034517	BVLAB-Water Quality	Maint Tech (N)		1		
BELLEVILLE LAB	034517	BVLAB-Water Quality	Mgr Chemistry		2	0.5	
BELLEVILLE LAB	034517	BVLAB-Water Quality	Mgr QA/QC Water Quality		1	0.5	
BELLEVILLE LAB	034517	BVLAB-Water Quality	Sample Custody Lead (N)		1		
BELLEVILLE LAB	034517	BVLAB-Water Quality	Specialist QA/QC		2		
BELLEVILLE LAB	034517	BVLAB-Water Quality	Sr Lab Analyst		4	2	
BELLEVILLE LAB	034517	BVLAB-Water Quality	Sr Lab Tech (N)		1		
BELLEVILLE LAB	**034517 Total**			**Operations Services**	**36**	**6**	
CALL CENTER	034005	CCA-Administration	Admin Asst (N)		4	1	All call center FTE based on providing the same level of services that are
CALL CENTER	034005	CCA-Administration	Analyst Business		1	1	currently being provided by the Alton and Pennsecola call centers. This
CALL CENTER	034005	CCA-Administration	Clerk General Service (N)		2		analysis uses the employee positions at the Alton center only to determine
CALL CENTER	034005	CCA-Administration	Mgr O&M		1		the FTEs needed for the self provisioning of customer care services.
CALL CENTER	034005	CCA-Administration	Office Manager		1		Service here include customer contact, handling requests, process
CALL CENTER	034005	CCA-Administration	Receptionist (N)		1		service orders, billing and collections.
CALL CENTER	034005	CCA-Administration	Specialist Opns & Perf Rptg		1	1	
CALL CENTER	034005	CCA-Administration	Sr Specialist Business Svcs		1		
CALL CENTER	034005	CCA-Administration	VP Customer Svc		1	1	
CALL CENTER	**034005 Total**			**Customer Service Ctr**	**13**	**4**	
CALL CENTER	034018	CCA-Human Resources	Dir HR		1		See discussion under Business Unit 034005.
CALL CENTER	034018	CCA-Human Resources	HR Generalist		3	1	
CALL CENTER	034018	CCA-Human Resources	Specialist Human Resources		1		
CALL CENTER	034018	CCA-Human Resources	Sr HR Generalist		1		
CALL CENTER	**034018 Total**			**Customer Service Ctr**	**6**	**1**	
CALL CENTER	034070	CCA-Call Handling	Call Handlers - Union		122	24	See discussion under Business Unit 034005.
CALL CENTER	034070	CCA-Call Handling	CS Specialist (CSR-4)		24	3	
CALL CENTER	034070	CCA-Call Handling	CSR Time Critical (CSR-3)		21	1	
CALL CENTER	034070	CCA-Call Handling	Mgr Call Handling		2		
CALL CENTER	034070	CCA-Call Handling	Specialist Performance		4		
CALL CENTER	034070	CCA-Call Handling	Supry Floor (N)		3	1	
CALL CENTER	034070	CCA-Call Handling	Team Supvr Call Handling		17	1	
CALL CENTER	034070	CCA-Call Handling	Technical Coordinators (CSR-4)		6		
CALL CENTER	**034070 Total**			**Customer Service Ctr**	**199**	**30**	
CALL CENTER	034071	CCA-Billing	CSR-3 Billing Specialist		95	7	See discussion under Business Unit 034005.
CALL CENTER	034071	CCA-Billing	CSR-4 Technical Coordinator		12	2	
CALL CENTER	034071	CCA-Billing	Mgr Billing		1	1	
CALL CENTER	034071	CCA-Billing	Specialist Performance		7		
CALL CENTER	034071	CCA-Billing	Supvr Billing Group		2		
CALL CENTER	034071	CCA-Billing	Team Supvr Billing		7		
CALL CENTER	**034071 Total**			**Customer Service Ctr**	**124**	**10**	
CALL CENTER	034072	CCA-Collections	Collection Liaison		2		See discussion under Business Unit 034005.
CALL CENTER	034072	CCA-Collections	CSR-1 Collections Rep.		7	1	
CALL CENTER	034072	CCA-Collections	CSR-3 Collections Specialist		19	2	
CALL CENTER	034072	CCA-Collections	CSR-4 Technical Coordinator		4		
CALL CENTER	034072	CCA-Collections	Mgr Collections		1	1	
CALL CENTER	034072	CCA-Collections	Specialist Performance		3		
CALL CENTER	034072	CCA-Collections	Team Supvr Collections		2		
CALL CENTER	**034072 Total**			**Customer Service Ctr**	**38**	**4**	
CALL CENTER	034073	CCA-Operations & Performance	Analyst Traffic & Scheduling		6		See discussion under Business Unit 034005.
CALL CENTER	034073	CCA-Operations & Performance	Intmd Financial Analyst		1	1	
CALL CENTER	034073	CCA-Operations & Performance	Maint Tech (N)		1		
CALL CENTER	034073	CCA-Operations & Performance	Mgr Building Services		1		
CALL CENTER	034073	CCA-Operations & Performance	Mgr CSC Opns & Performance		1	1	
CALL CENTER	034073	CCA-Operations & Performance	Sr Analyst Financial		2		
CALL CENTER	**034073 Total**			**Customer Service Ctr**	**12**	**2**	
CALL CENTER	034074	CCA-Business Services	Mgr Business Services		1	1	See discussion under Business Unit 034005.
CALL CENTER	034074	CCA-Business Services	Spec Customer Resolution (N)		2		
CALL CENTER	034074	CCA-Business Services	Specialist Business Svcs		1		
CALL CENTER	034074	CCA-Business Services	Specialist Performance		2	1	

Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List			Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services							
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
CALL CENTER	034074	CCA-Business Services	Specialist Water Quality		1		
CALL CENTER	034074	CCA-Business Services	Sr Specialist Business Svcs		2		
CALL CENTER	034074	CCA-Business Services	Supr Business Services		1		
CALL CENTER	**034074 Total**			**Customer Service Ctr**	**10**	2	
CALL CENTER	034075	CCA-Education & Development	Analyst QA		6	1	See discussion under Business Unit 034005.
CALL CENTER	034075	CCA-Education & Development	Mgr Educ Dev & Quality		1		
CALL CENTER	034075	CCA-Education & Development	Mgr Process		1	1	
CALL CENTER	034075	CCA-Education & Development	Specialist Educ & Dev		3		
CALL CENTER	034075	CCA-Education & Development	Specialist Performance		4		
CALL CENTER	034075	CCA-Education & Development	Sr Specialist Education & Dev		2		
CALL CENTER	034075	CCA-Education & Development	Training Asst (N)		1		
CALL CENTER	**034075 Total**			**Customer Service Ctr**	**18**	2	
CALL CENTER	037005	CCP-Administration	Admin Asst (N)		1		See discussion under Business Unit 034005.
CALL CENTER	037005	CCP-Administration	Mail Clerk (N)		1		
CALL CENTER	037005	CCP-Administration	Receptionist (N)		1		
CALL CENTER	**037005 Total**			**Customer Service Ctr**	**3**	0	
CALL CENTER	037018	CCP-Human Resources ODI	Specialist Human Resources		1		See discussion under Business Unit 034005.
CALL CENTER	037018	CCP-Human Resources ODI	Sr HR Generalist		1		
CALL CENTER	**037018 Total**			**Customer Service Ctr**	**2**	0	
CALL CENTER	037070	CCP-Call Handling	Call Handlers - Union		200		See discussion under Business Unit 034005.
CALL CENTER	037070	CCP-Call Handling	CSR-4 Help Queue		8		
CALL CENTER	037070	CCP-Call Handling	Mgr Call Handling		1		
CALL CENTER	037070	CCP-Call Handling	Supvr Call Handling Group		3		
CALL CENTER	037070	CCP-Call Handling	Supvr Floor (N)		2		
CALL CENTER	037070	CCP-Call Handling	Team Supvr Call Handling		18		
CALL CENTER	**037070 Total**			**Customer Service Ctr**	**232**	0	
CALL CENTER	037073	CCP-Operations and Support	Analyst Traffic & Scheduling		2		See discussion under Business Unit 034005.
CALL CENTER	037073	CCP-Operations and Support	Maint Tech (N)		1		
CALL CENTER	037073	CCP-Operations and Support	Mgr Building Services		1		
CALL CENTER	**037073 Total**			**Customer Service Ctr**	**4**	0	
CALL CENTER	037075	CCP-Education & Development	Analyst QA		4		See discussion under Business Unit 034005.
CALL CENTER	037075	CCP-Education & Development	Specialist Educ & Dev		2		
CALL CENTER	037075	CCP-Education & Development	Training Asst (N)		1		
CALL CENTER	**037075 Total**			**Customer Service Ctr**	**7**	0	
CENTRAL	033501	CE-Production	Dir Production		1		Currently being self provisioned. IL does not receive allocated cost for this BU.
CENTRAL	**033501 Total**			**Operations Services**	**1**	0	
CENTRAL	033502	CE-Network	Sr Engineering Project Manager		1		These services will be bourne by the FTE assigned at the engineering function
CENTRAL	033502	CE-Network	VP of Operations for Missouri		1		
CENTRAL	033502	CE-Network	VP Operations (Large)		1		
CENTRAL	**033502 Total**			**Operations Services**	**3**	0	
CENTRAL	033503	CE-Customer Relations	Admin Asst (N)		1	1	This FTE requirments would handle all aspects of processing of field related service orders (scheduled and emergencies, meter reading analysis, customer related business performance, billing/collection/payment issues and contract billing services.
CENTRAL	033503	CE-Customer Relations	Administrator FRCC System		1	1	
CENTRAL	033503	CE-Customer Relations	Analyst Premise QA (N)		2	2	
CENTRAL	033503	CE-Customer Relations	Coordinator FRCC		7	1	
CENTRAL	033503	CE-Customer Relations	Dir Cust & Oper Support		1		
CENTRAL	033503	CE-Customer Relations	Dir Customer Relations		1		
CENTRAL	033503	CE-Customer Relations	Mgr Billing/Collection & Pymt		1	1	
CENTRAL	033503	CE-Customer Relations	Mgr Business Performance		1		
CENTRAL	033503	CE-Customer Relations	Mgr FRCC		1	1	
CENTRAL	033503	CE-Customer Relations	Mgr Major Customer Accts		1	1	
CENTRAL	033503	CE-Customer Relations	Regional Service Support Repre		4	2	
CENTRAL	033503	CE-Customer Relations	Regional Svc Support Rep (N)		6		
CENTRAL	033503	CE-Customer Relations	Spec Bill/Pymt Collection (N)		1	1	
CENTRAL	033503	CE-Customer Relations	Spec Business Process Perf (N)		1	1	
CENTRAL	033503	CE-Customer Relations	Specialist Contract Accts (N)		1	0.5	
CENTRAL	033503	CE-Customer Relations	Specialist Meter Mgmt (N)		1	0.5	
CENTRAL	033503	CE-Customer Relations	Supvr Meter Mgmt		1	1	
CENTRAL	033503	CE-Customer Relations	Supvr Regional Support		1		
CENTRAL	**033503 Total**			**Div Ops Support & Reg Op**	**33**	13	
CENTRAL	033505	CE-Administration	Exec Asst		2		No FTE requirements
CENTRAL	033505	CE-Administration	Exec Asst to EMT		1		
CENTRAL	033505	CE-Administration	President (States)		1		
CENTRAL	033505	CE-Administration	State President		1		
CENTRAL	**033505 Total**			**Other**	**5**	0	
CENTRAL	033507	CE-Finance	Admin Asst (N)		2	1	The staffing for the finance function is based on performing current tasks today. Additional FTE requirments are needed in other areas such as cash management and tax which are reflected in the other business units.
CENTRAL	033507	CE-Finance	Analyst Financial		3	1	
CENTRAL	033507	CE-Finance	Director of Rates		1		

Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List			Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services							
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
CENTRAL	033507	CE-Finance	Exec Asst		1	1	The group would perform planning and financial analysis, regulatory work and SOX related activities.
CENTRAL	033507	CE-Finance	Financial Analyst II (Compliance - Capital Compliance)		1		
CENTRAL	033507	CE-Finance	Financial Analyst II (FP&A - IN/MI)		1		
CENTRAL	033507	CE-Finance	Financial Analyst II (FP&A - MO)		1		
CENTRAL	033507	CE-Finance	Financial Analyst II (Rates)		1	3	
CENTRAL	033507	CE-Finance	Financial Analyst III (FP&A - Contract/Disclosures)		1	1	
CENTRAL	033507	CE-Finance	Intrmd Financial Analyst		4		
CENTRAL	033507	CE-Finance	Mgr Compliance		1		
CENTRAL	033507	CE-Finance	Mgr Financial Perf Plng & Rptg		1	1	
CENTRAL	033507	CE-Finance	Mgr Project Finance (BD)		1		
CENTRAL	033507	CE-Finance	Mgr Rates & Regulations		1	1	
CENTRAL	033507	CE-Finance	Regional Dir Finance		1	1	
CENTRAL	033507	CE-Finance	Sr Analyst Financial		11	2	
CENTRAL	**033507 Total**			**Corporate Finance**	32	12	
CENTRAL	033510	CE-Supply Chain	Analyst Procurement Business		1		See Business Unit 032010 for details
CENTRAL	033510	CE-Supply Chain	Mgr Procurement		1	1	
CENTRAL	**033510 Total**			**Operations Services**	2	1	
CENTRAL	033511	CE-Environmental Mgmt	Dir Water Quality (Large)		1		This position is currently self provided by IL.
CENTRAL	033511	CE-Environmental Mgmt	Director of Water Quality Missouri		1		
CENTRAL	**033511 Total**			**Operations Services**	2	0	
CENTRAL	033514	CE-Engineering	Admin Asst (N)		1		
CENTRAL	033514	CE-Engineering	Capital Program Administrator		1	0.5	The Engineering function is responsible for the administration of the capital spend program, performing engineering studies and design work and overseeing the construction of capital projects.
CENTRAL	033514	CE-Engineering	Dir Engineering		1		
CENTRAL	033514	CE-Engineering	Director of Engineering Missouri		1		
CENTRAL	033514	CE-Engineering	Drafter CAD (N)		1	1	
CENTRAL	033514	CE-Engineering	Engineer		1	1	
CENTRAL	033514	CE-Engineering	Engineering Tech (N)		1	0.5	
CENTRAL	033514	CE-Engineering	Illinois Director Engineering		1	1	
CENTRAL	033514	CE-Engineering	Manager of Engineering Missouri		1		
CENTRAL	033514	CE-Engineering	Mgr Engineering		1	1	
CENTRAL	033514	CE-Engineering	Project Engineer		2		
CENTRAL	033514	CE-Engineering	SR Engineer		1		
CENTRAL	**033514 Total**			**Div Ops Support & Reg Op**	13	5	
CENTRAL	033515	CE-Legal	Administrator Contracts (N)		1		These positions would be needed to address the volume of work related to regulatory, litigation and contractual matters.
CENTRAL	033515	CE-Legal	Corp Counsel III		2		
CENTRAL	033515	CE-Legal	Corp Counsel III Regional		4	2	An additional position would be needed to address labor law and is shown under a specialized position in the Mr. Patrick's business unit
CENTRAL	033515	CE-Legal	Exec Asst		1		
CENTRAL	033515	CE-Legal	Legal Sec		1	1	Total legal staff is 6 which includes the 1 position in BU 032015.
CENTRAL	033515	CE-Legal	Legal Secy (N)		1		
CENTRAL	033515	CE-Legal	Mgr Territorial Real Estate		1		
CENTRAL	033515	CE-Legal	Paralegal		1	1	
CENTRAL	033515	CE-Legal	Regional General Counsel		1	1	
CENTRAL	**033515 Total**			**Legal**	13	5	
CENTRAL	033516	CE-Maintenance	Dir Maintenance		1	1	Combine Dir MS, Mgr. SCADA & Mgr. Maint
CENTRAL	033516	CE-Maintenance	Mgr Maint Reliability		1		
CENTRAL	033516	CE-Maintenance	Mgr SCADA		1	0.5	Part time manage, part time Supv SCADA
CENTRAL	033516	CE-Maintenance	NRW Manager		1	0.5	Part time NRW Manager & rest operations
CENTRAL	033516	CE-Maintenance	Sr Administrator CMMS		1		
CENTRAL	033516	CE-Maintenance	Sr Engineer Tech		1		
CENTRAL	033516	CE-Maintenance	Supvr Maint Service		11	2	CBM & Instrument & Control
CENTRAL	033516	CE-Maintenance	Supvr SCADA		1	1	SCADA supv Chicago and interurban
CENTRAL	**033516 Total**			**Operations Services**	18	5	
CENTRAL	033518	CE-Human Resources	Admin Asst (N)		2	0.5	The FTE requirement would be needed to manage the human resource
CENTRAL	033518	CE-Human Resources	HR Generalist		3	2	function and oversee employees from the beginning to the end of their
CENTRAL	033518	CE-Human Resources	Mgr Human Resources		4	1	employment.
CENTRAL	033518	CE-Human Resources	Mgr Training & Development		1		This would inlcude hiring, training, manage the appraisal process, oversee
CENTRAL	033518	CE-Human Resources	Regional Dir HR		1	1	changes in HR related law and administer relocation and tuition aid programs.
CENTRAL	033518	CE-Human Resources	Specialist Human Resources		7		Additional areas would involve employee benefits, employee relations, union
CENTRAL	033518	CE-Human Resources	Sr HR Generalist		1		negotiations , etc.
CENTRAL	033518	CE-Human Resources	Trainer HR		1	0.5	
CENTRAL	**033518 Total**			**Human Resources**	20	5	
CENTRAL	033519	CE-Operational Risk	Admin Asst (N)		1	0.5	The FTE requirement would be needed to manage workers compensation
CENTRAL	033519	CE-Operational Risk	Clerk Opns (N)		2		claims, accident investigations, prepare and update contingency plans,
CENTRAL	033519	CE-Operational Risk	Dir Operational Risk Mgmt		1	1	conduct safety audits and oversee compliance with plans and programs.
CENTRAL	033519	CE-Operational Risk	Mgr Loss Control		2	1	In addition, safety training, conduct industrial hygiene surveys, oversee
CENTRAL	033519	CE-Operational Risk	Specialist Training		2	0.5	maintenance of security systems, and perform required reporting.
CENTRAL	**033519 Total**			**Operations Services**	8	3	

Service Company Cost Study		# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List		Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services						
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
CENTRAL	033520	CE-Business Development	Administrative Assistant / Researcher		1	0.25	One body would be responsible for a mix of jobs (research, market dev
CENTRAL	033520	CE-Business Development	Dir Business Development		1	1.00	and manager of business development). The director may reside in either this
CENTRAL	033520	CE-Business Development	Market Development Specialist		1	0.25	business unit or in the corporate business unit. The director would be
CENTRAL	033520	CE-Business Development	Mgr Business Dev		1	0.50	responsible overall direction, coordination, training and other administrative
CENTRAL	033520	CE-Business Development	Sr Mgr Business Dev		3	1.00	and strategic functions.
CENTRAL	**033520 Total**			**Other**	7	3	
CENTRAL	033525	CE-External Affairs	Dir External Affairs - Area 3		1	1	FTE required to communicate and educate customers and community
CENTRAL	033525	CE-External Affairs	Dir Govt Affairs (IN, OH)		1	1	leaders about the Company. Support functions include internal and
CENTRAL	033525	CE-External Affairs	Mgr Communications		1		external communications, corporate social responsibility and
CENTRAL	033525	CE-External Affairs	Mgr Customer Communications - Area 3		1	1	government relations.
CENTRAL	033525	CE-External Affairs	Mgr Ext Affairs (IN, MI, OH)		2		
CENTRAL	033525	CE-External Affairs	Mgr Internal Communications - Area 3		1	1	
CENTRAL	**033525 Total**			**Communications and External A**	7	4	
CENTRAL	033531	CE-Western CS & S	Client Relations - West		1		No FTE required as it would be performed under Business Unit 033503
CENTRAL	033531	CE-Western CS & S	Lead Specialist Support ITS		2		
CENTRAL	033531	CE-Western CS & S	Mgr Regional Client Rel ITS		1		
CENTRAL	033531	CE-Western CS & S	Specialist Computer Support		1		
CENTRAL	033531	CE-Western CS & S	Specialist Support ITS		5		
CENTRAL	033531	CE-Western CS & S	Specialist Support ITS IL		1		
CENTRAL	033531	CE-Western CS & S	Specialist Support ITS Missouri		1		
CENTRAL	033531	CE-Western CS & S	Sr Spec Computer Support ITS		6		
CENTRAL	033531	CE-Western CS & S	Team Lead IT Regional Support		2		
CENTRAL	**033531 Total**			**Div Ops Support & Reg Op**	20	0	
CORP	032002	CORP-HR Comp/Benefits	Analyst Compesation		1		
CORP	032002	CORP-HR Comp/Benefits	Dir Comp & Benefits		1		
CORP	032002	CORP-HR Comp/Benefits	Exec Asst		1		
CORP	032002	CORP-HR Comp/Benefits	Health & Welfare Manager		1		
CORP	032002	CORP-HR Comp/Benefits	Mgr Compensation		1		
CORP	032002	CORP-HR Comp/Benefits	Sr Analyst Compensation		2	1	This position will provide support for benefits and compensation services
CORP	**032002 Total**			**Human Resources**	7	1	
CORP	032003	CORP-HR Talent Development	Dir Organization & Talent Dev		1		No FTE required as it would be performed under Business Unit 033518
CORP	032003	CORP-HR Talent Development	HR Project Asst		1		
CORP	**032003 Total**			**Human Resources**	2	0	
CORP	032004	CORP-HR Labor Relations	Admin Asst (N)		1		
CORP	032004	CORP-HR Labor Relations	Dir Labor & Employee Relations		1	1	This position will provide support for labor relations services
CORP	**032004 Total**			**Human Resources**	2	1	
CORP	032006	CORP-Business Center HR	Admin Asst (N)		1		No FTE required as it would be performed under Business Unit 033518
CORP	032006	CORP-Business Center HR	Director Talent Management		1		
CORP	032006	CORP-Business Center HR	HR Generalist		1		
CORP	032006	CORP-Business Center HR	HR Manager		1		
CORP	032006	CORP-Business Center HR	Mgr Human Resources		1		
CORP	032006	CORP-Business Center HR	Specialist Human Resources		1		
CORP	032006	CORP-Business Center HR	Sr HR Generalist		1		
CORP	**032006 Total**			**Human Resources**	7	0	
CORP	032007	CORP-Finance	Dir Corp Accounting		1		No FTE required as it would be performed under Business Unit 033507
CORP	032007	CORP-Finance	Exec Asst		1		
CORP	032007	CORP-Finance	Intmd Financial Analyst		1		
CORP	032007	CORP-Finance	Mgr Accounting Standards		1		
CORP	032007	CORP-Finance	Mgr Corp Consolidated Fin Rptg		1		
CORP	032007	CORP-Finance	Sr Accountant		1		
CORP	032007	CORP-Finance	Sr Analyst Financial		3		
CORP	032007	CORP-Finance	VP & Controller		1		
CORP	032007	CORP-Finance	VP Finance & Accounting		1		
CORP	**032007 Total**			**Corporate Finance**	11	0	
CORP	032010	CORP-Supply Chain-Sourcing	Admin Asst (N)		1		Supply chain services include managing the competitive bidding to obtain
CORP	032010	CORP-Supply Chain-Sourcing	Analyst Procurement (N)		4		optimum cost / value. Manage key supplier relationships to ensure efficient
CORP	032010	CORP-Supply Chain-Sourcing	Analyst Procurement Business		5		performance. Provide market intelligence on key commodities and costs.
CORP	032010	CORP-Supply Chain-Sourcing	Analyst Supply Chain Bus Perf		2		Serve in an approver role in contract process. Communicate to the business
CORP	032010	CORP-Supply Chain-Sourcing	Coord Procurement Change		1		on suppliers under contract in order to maximize benefits.
CORP	032010	CORP-Supply Chain-Sourcing	Coord Procurement Contract		1		
CORP	032010	CORP-Supply Chain-Sourcing	Dir Supply Chain		1		
CORP	032010	CORP-Supply Chain-Sourcing	Mgr Energy Supply Chain		1		
CORP	032010	CORP-Supply Chain-Sourcing	Mgr Fleet Supply Chain		1		
CORP	032010	CORP-Supply Chain-Sourcing	Mgr Procurement Category		2		
CORP	032010	CORP-Supply Chain-Sourcing	Mgr Supply Chain Performance		1		
CORP	032010	CORP-Supply Chain-Sourcing	Sr Strategic Buyer		6	1	This position would support the Manager Supply Chain
CORP	032010	CORP-Supply Chain-Sourcing	Strategic Buyer		2	2	These two positions would support the Manager Supply Chain

Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
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CORP	032010	CORP-Supply Chain-Sourcing	Team Lead Supply Chain Procure		1		
CORP	**032010 Total**			**Operations Services**	**29**	**3**	
CORP	032011	CORP-Chief Operating Officer	Chief Operating Officer		1		No FTE would be required as it would be handled by Company management
CORP	032011	CORP-Chief Operating Officer	Exec Asst to EMT		1		
CORP	032011	CORP-Chief Operating Officer	VP Operations Services		1		
CORP	**032011 Total**			**Operations Services**	**3**	**0**	
CORP	032013	CORP-HR Systems & Processes	Dir HR Systems & Processes		1		
CORP	032013	CORP-HR Systems & Processes	Sr HR Generalist		1		
CORP	**032013 Total**			**Human Resources**	**2**	**0**	
CORP	032014	CORP-Benefits Service Center	Admin Asst (N)		1		FTE would provide employee benefits services
CORP	032014	CORP-Benefits Service Center	Benefits Administrator		3		
CORP	032014	CORP-Benefits Service Center	Mgr Benefits		1		
CORP	032014	CORP-Benefits Service Center	Sr Specialist Benefits (N)		8	1	
CORP	032014	CORP-Benefits Service Center	Supvr Benefits Service Center		1		
CORP	032014	CORP-Benefits Service Center	Team Lead Benefits		1		
CORP	032014	CORP-Benefits Service Center	Team Lead Reporting & Analysis		1	1	
CORP	**032014 Total**			**Human Resources**	**16**	**2**	
CORP	032015	CORP-Legal	Admin Asst (N)		2		
CORP	032015	CORP-Legal	Assoc Paralegal (N)		1		
CORP	032015	CORP-Legal	Corp Counsel III		2		
CORP	032015	CORP-Legal	Corporate Legal Assistant		1		
CORP	032015	CORP-Legal	Counsel (SEC)		1	0.5	The 2 - 1/2 positions would provide services related to SEC and labor law
CORP	032015	CORP-Legal	Employment & Labor Law Counsel		1	0.5	counsel that is not currently provided at the regional level
CORP	032015	CORP-Legal	Exec Asst to EMT		1		
CORP	032015	CORP-Legal	Paralegal added Q1RF 2008		1		
CORP	032015	CORP-Legal	Paralegal Securities (N)		1		
CORP	032015	CORP-Legal	SVP General Counsel & Secty		1		
CORP	**032015 Total**			**Legal**	**12**	**1**	
CORP	032016	CORP-Maintenance	Sr Dir Maintnc & SCADA Svcs		1		No FTE would be required as it would be handled by Maintenance group
CORP	**032016 Total**			**Operations Services**	**1**	**0**	
CORP	032017	CORP-Planning & Reporting	Analyst Project		1		
CORP	032017	CORP-Planning & Reporting	Dir Business Performance Rptg		1		
CORP	032017	CORP-Planning & Reporting	Intmd Financial Analyst		1		
CORP	032017	CORP-Planning & Reporting	Mgr Business Planning		1		
CORP	032017	CORP-Planning & Reporting	Mgr Financial Modeling & Evals		1	1	This FTE would provide support in planning, rates and SOX related to financial modelling.
CORP	032017	CORP-Planning & Reporting	Mgr Financial Perf Plng & Rptg		1		
CORP	032017	CORP-Planning & Reporting	Sr Analyst Financial		5		
CORP	032017	CORP-Planning & Reporting	Team Lead GA		1		
CORP	032017	CORP-Planning & Reporting	VP Planning & Reporting		1		
CORP	**032017 Total**			**Corporate Finance**	**14**	**1**	
CORP	032018	CORP-Human Resources	Exec Asst to EMT		1		Please refer to HR function under Business Unit
CORP	032018	CORP-Human Resources	SVP Human Resources		1		
CORP	**032018 Total**			**Human Resources**	**2**	**0**	
CORP	032019	CORP-Operational Risk	Assistant Oprtnl Risk Mgt (N)		1		
CORP	032019	CORP-Operational Risk	Mgr Physical Security		1		
CORP	032019	CORP-Operational Risk	Mgr Security		2	1	This FTE would be dedicated to security of operations, employees and assets thorughout the state.
CORP	032019	CORP-Operational Risk	Specialist Sec Syst Supp (N)		2		
CORP	032019	CORP-Operational Risk	Specialist Security		2		
CORP	032019	CORP-Operational Risk	Sr Dir Operational Risk Mgt		1		
CORP	**032019 Total**			**Operations Services**	**9**	**1**	
CORP	032020	CORP-Corporate Bus Development	Dir Business Dev		1		A proposal writer to sift through RFPs or SOQs, organize a team to strategize and respond, write copy, edit copy, and publish material.
CORP	032020	CORP-Corporate Bus Development	Exec Asst to EMT		1		
CORP	032020	CORP-Corporate Bus Development	Mgr Corp Development		1		There might be a need for 2 proposal mgrs when BD activity increases.
CORP	032020	CORP-Corporate Bus Development	Proposal Manager		3	1	
CORP	032020	CORP-Corporate Bus Development	Sr Mgr Corprorate Dev		1		
CORP	032020	CORP-Corporate Bus Development	Sr. VP Sales & Business Dev		1		
CORP	**032020 Total**			**Other**	**8**	**1**	
CORP	032022	CORP-Government Affairs	Dir Govt Affairs (Corp)		1		No FTE required as it would be performed under Business Unit 033525.
CORP	032022	CORP-Government Affairs	Govt Affairs Mgr(Corp)		1		
CORP	**032022 Total**			**Communications and External A**	**2**	**0**	
CORP	032023	CORP-Eastern Division Ops	Exec Asst to EMT		1		These responsibilities will be bourne by the management of IL American
CORP	032023	CORP-Eastern Division Ops	Exec VP Eastern Division		1		
CORP	**032023 Total**			**Operations Services**	**2**	**0**	
CORP	032024	WD - Western Division Ops	Exec Asst		1		These responsibilities will be bourne by the management of IL American
CORP	032024	WD - Western Division Ops	Executive VP Western Division		1		
CORP	**032024 Total**			**Operations Services**	**2**	**0**	
CORP	032025	CORP-External Affairs	Exec Asst to EMT (Corp)		1		No FTE required as it would be performed under Business Unit 033525.

Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
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CORP	032025	CORP-External Affairs	SVP External Affairs (Corp)		1		
CORP	**032025 Total**			**Communications and External A**	**2**	**0**	
CORP	032026	CORP-Regulated Operations	Exec Asst to EMT		1		These responsibilities will be bourne by the management of IL American
CORP	032026	CORP-Regulated Operations	Finance Position		1		
CORP	032026	CORP-Regulated Operations	President - Regulated Operations		1		
CORP	**032026 Total**			**Operations Services**	**3**	**0**	
CORP	032027	CORP-Reporting & Compliance	Dir Internal Controls		1		No FTEs from this business unit will be utilized. All SOX related activities will be performed by finance function headed by the manager of compliance
CORP	032027	CORP-Reporting & Compliance	Intermediate Analyst Intrnl		1		
CORP	032027	CORP-Reporting & Compliance	Mgr Internal Control IT		1		
CORP	032027	CORP-Reporting & Compliance	Sr Analyst Intrnl		1		
CORP	032027	CORP-Reporting & Compliance	Sr Analyst Intrnl Cntl-Fin Rpt		3		
CORP	**032027 Total**			**Corporate Finance**	**7**	**0**	
CORP	032037	CORP-Investor Relations	Exec Asst		1		Company would not require the full support of services from a functional investor relations manager as it would still be a part of AW
CORP	032037	CORP-Investor Relations	Invst Relations Manager		1		
CORP	032037	CORP-Investor Relations	VP Investor Relations		1		
CORP	**032037 Total**			**Other**	**3**	**0**	
CORP	032047	CORP-Income Tax	Assist Tax Mng-Financial Reporting		1		Based on a self provisioning basis, there would be a need for FTE support to be responsible for all aspects of income tax planning, strategy and preparation of returns, calculation of tax provisions (both income and general).
CORP	032047	CORP-Income Tax	Dir Tax		1	1	
CORP	032047	CORP-Income Tax	Intermediate Accountant Tax		1		
CORP	032047	CORP-Income Tax	Intrmd Accountant Tax		2	1	
CORP	032047	CORP-Income Tax	Spec Income Tax		1		
CORP	032047	CORP-Income Tax	Sr Accountant Tax		6		
CORP	032047	CORP-Income Tax	Team Lead Tax Compliance		1		
CORP	032047	CORP-Income Tax	Team Lead Tax Res & Spec Proj		1		
CORP	**032047 Total**			**Corporate Finance**	**16**	**2**	
CORP	032057	CORP-Treasury	Analyst Cash Management		1		Company would required the need for FTE services related to the cash management function. These services would be part of the finance function identified in this document and be part of that finance function.
CORP	032057	CORP-Treasury	Asst Treasurer		1		
CORP	032057	CORP-Treasury	Dir Insurance & Risk Mgt		1		
CORP	032057	CORP-Treasury	Mgr Cash - Corp Treas		1	1	
CORP	032057	CORP-Treasury	Mgr Financial Eval & Analysis		1		
CORP	032057	CORP-Treasury	Senior Insurance Analyst		1		
CORP	032057	CORP-Treasury	Sr Analyst Cash Management		4	1	
CORP	032057	CORP-Treasury	Sr Analyst Treasury		2		
CORP	032057	CORP-Treasury	VP & Treasurer		1		
CORP	**032057 Total**			**Corporate Finance**	**13**	**2**	
CORP	032060	CORP-Audit	Exec Asst		1		One internal auditor would be required to perform necessary internal audits of the various functions of the company and to assist the independent auditors with their interim and year-end field work
CORP	032060	CORP-Audit	Internal Auditor IT		2		
CORP	032060	CORP-Audit	Mgr Internal Audit		2		
CORP	032060	CORP-Audit	Sr Auditor		1	1	
CORP	032060	CORP-Audit	Sr Internal Auditor		2		
CORP	032060	CORP-Audit	Sr Internal Auditor IT		1		
CORP	032060	CORP-Audit	VP Internal Audit		1		
CORP	**032060 Total**			**Other**	**10**	**1**	
CORP	032062	CORP-Building Services	Mail Room Clerk (N)		3		These responsibilities will be bourne by the management of IL American
CORP	032062	CORP-Building Services	Mgr Facilities		1		
CORP	032062	CORP-Building Services	Receptionist (N)		1		
CORP	**032062 Total**			**Operations Services**	**5**	**0**	
CORP	032064	CORP-Operational Performance	Admin Asst (BOP)(N)		1		These responsibilities will be bourne by the management of IL American
CORP	032064	CORP-Operational Performance	Dir Process & Systems Mgmt		1		
CORP	032064	CORP-Operational Performance	Mgr O&M		3		
CORP	**032064 Total**			**Operations Services**	**5**	**0**	
CORP	032065	CORP-Asset Management	Administrator Capital Program		1		Additional FTE required to addresss major capital projects and to manage the on-going capital program.
CORP	032065	CORP-Asset Management	Capital Program Administrator		1	1	
CORP	032065	CORP-Asset Management	Co-op		1		
CORP	032065	CORP-Asset Management	Dir Engineering - Capital		1		
CORP	032065	CORP-Asset Management	Engineer		2		
CORP	032065	CORP-Asset Management	Engineer (entry level)		1		
CORP	032065	CORP-Asset Management	Mgr Eng-Enterprise Capital Prg		1		
CORP	032065	CORP-Asset Management	Mgr Engineering		1		
CORP	032065	CORP-Asset Management	Planning Engineer		2	1	
CORP	032065	CORP-Asset Management	Project Mgr - Cap Prog Spec Proj		1		
CORP	032065	CORP-Asset Management	Project Mgr - Cap Program		1	1	
CORP	032065	CORP-Asset Management	Sr Eng Tech (GIS)		1		
CORP	032065	CORP-Asset Management	Sr Eng Tech (Modeling)		1		
CORP	032065	CORP-Asset Management	Sr Planning Engineer		2		
CORP	032065	CORP-Asset Management	Sr Planning Engineer (GIS)		1		
CORP	**032065 Total**			**Operations Services**	**18**	**3**	

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Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List			Basis for Self Provisioning				
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Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
CORP	032066	CORP-Research & Env Excellence	Analyst Research		2		The FTE requirment for Environmental management requires a number of skill sets. This FTE requirement will satisfy the following:
CORP	032066	CORP-Research & Env Excellence	Dir Res & Environ Excellence		1		
CORP	032066	CORP-Research & Env Excellence	Engr Environmental		3	3	
CORP	032066	CORP-Research & Env Excellence	Environ Auditor/Scientist		3		This group of FTE would need expertise in research and other such functions related to wastewater treatment, maintenance and technology, hydraulic modeling with expertise on transient modeling, water expertise and corosion control, energy management, molecular biology, biofilms and Giardia/Cryptosporidium and a chemist with experience on
CORP	032066	CORP-Research & Env Excellence	Intern		1		
CORP	032066	CORP-Research & Env Excellence	Mgr Environ Compliance/Stwdshp		1		
CORP	032066	CORP-Research & Env Excellence	Specialist Opns		1		
CORP	032066	CORP-Research & Env Excellence	Sr Analyst Research		1		
CORP	032066	CORP-Research & Env Excellence	Sr Engr Environmental		1	1	DBP control and organic carbon analysis
CORP	032066	CORP-Research & Env Excellence	Sr Engr Infrastructure		1		
CORP	032066	CORP-Research & Env Excellence	Sr Scientist Environmental		1		
CORP	032066	CORP-Research & Env Excellence	Techl Mgr Commercial WW Proj		1		
CORP	032066	CORP-Research & Env Excellence	Water Quality Specialist		1		
CORP	**032066 Total**			**Operations Services**	**18**	**4**	
CORP	032068	CORP-Marketing & Sales	Brand Manager (Corp)		1		
CORP	032068	CORP-Marketing & Sales	Dir Marketing (Corp)		1		
CORP	032068	CORP-Marketing & Sales	Marketing Assistant		1		
CORP	032068	CORP-Marketing & Sales	Mgr Advertising (Corp)		1		
CORP	032068	CORP-Marketing & Sales	Mgr CSC Communications (CSC)		1		
CORP	032068	CORP-Marketing & Sales	Specialist Corp Comm (Corp)		1		
CORP	**032068 Total**			**Other**	**6**	**0**	
CORP	032069	CORP-Regulatory UFS	Project Analyst		1		This function would be bourne by the Director Rates and Director Finance
CORP	032069	CORP-Regulatory UFS	VP Regulatory Programs		1		
CORP	**032069 Total**			**Corporate Finance**	**2**	**0**	
CORP	032085	CORP-External Communications	Coordinator Corp Comm (Corp)		1		No FTE required as it would be performed under Business Unit 033525.
CORP	032085	CORP-External Communications	Dir External Comm		1		
CORP	032085	CORP-External Communications	Intern (Corp)		1		
CORP	032085	CORP-External Communications	Mgr Corporate Affairs (Corp)		1		
CORP	**032085 Total**			**Communications and External**	**4**	**0**	
CORP	032086	CORP-Internal Communications	Dir Internal Comms		1		No FTE required as it would be performed under Business Unit 033525.
CORP	032086	CORP-Internal Communications	Mgr Internal Comm (Corp)		1		
CORP	**032086 Total**			**Communications and External**	**2**	**0**	
CORP	032087	CORP-Corp Social Resp	Director Corporate Responsibility		1		No FTE required as it would be performed under Business Unit 033525.
CORP	032087	CORP-Corp Social Resp	Manager Corporate Responsibility		1		
CORP	**032087 Total**			**Communications and External**	**2**	**0**	
CORP	036550	CORP-COE-Engineering	Construction Engineer		2		All of these functions would be bourne by the engineering staff identified in other sections of the study
CORP	036550	CORP-COE-Engineering	Construction/Project Engineer		1		
CORP	036550	CORP-COE-Engineering	Dir Engineering - Construction		1		
CORP	036550	CORP-COE-Engineering	Specialist Engrg		1		
CORP	036550	CORP-COE-Engineering	Sr Construction Engineer		4		
CORP	036550	CORP-COE-Engineering	Sr Construction Insp (PA/NJ)		1		
CORP	036550	CORP-COE-Engineering	Sr. Construction Inspector		1		
CORP	036550	CORP-COE-Engineering	Sr. Cost Engineer		1		
CORP	**036550 Total**			**Operations Services**	**12**	**0**	
CORP	036551	CORP-COE-Technical Services	Design Engineer		3		All of these functions would be bourne by the engineering staff identified in other business units
CORP	036551	CORP-COE-Technical Services	Dir Engineering - Tech Svcs		1		
CORP	036551	CORP-COE-Technical Services	Engineer		1		
CORP	036551	CORP-COE-Technical Services	Engineering Practice Lead		1		
CORP	036551	CORP-COE-Technical Services	Project Engineer		1		
CORP	036551	CORP-COE-Technical Services	Sr Design Engineer		5		
CORP	036551	CORP-COE-Technical Services	Sr Drafter CAD Design		1		
CORP	**036551 Total**			**Operations Services**	**13**	**0**	
ITS	032030	CORP-ITS Client Rel Admin	Dir Client Relations ITS		1	1	
ITS	**032030 Total**			**ITS**	**1**	**1**	
ITS	032031	CORP-Service Desk	CMDB Administration		1		The FTE requirment for ITS reflect the need to address enterprise architecture, security, infrastructure and operations, business appplications, client services and support annd project management
ITS	032031	CORP-Service Desk	Incident Manager		1		
ITS	032031	CORP-Service Desk	Problem Analyst		1		
ITS	032031	CORP-Service Desk	Specialist Client Supp I (N)		3	0.5	Please refer to the direct testimony of Mr. John Young for
ITS	032031	CORP-Service Desk	Specialist Client Supp II (N)		4	0.5	additional details on the ITS services.
ITS	032031	CORP-Service Desk	Sr Supp Specialist		1		
ITS	**032031 Total**			**ITS**	**11**	**1**	
ITS	032032	CORP-ITS Bus Development	Analyst Business ITS		2		See discussion under Business Unit 032031.
ITS	032032	CORP-ITS Bus Development	Spec Business Appl Support ITS		1		
ITS	032032	CORP-ITS Bus Development	Sr Developer ITS		1		
ITS	**032032 Total**			**ITS**	**4**	**0**	
ITS	032033	Chg Ctrl & Desktop Automation	Chg Mgmt Specialist		2		See discussion under Business Unit 032031.
ITS	032033	Chg Ctrl & Desktop Automation	Lead Specialist Support ITS		1		

Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List			Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services							
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
ITS	032033	Chg Ctrl & Desktop Automation	Mgr Service ITS		1		
ITS	**032033 Total**			ITS	4	0	
ITS	032034	CORP-ITS Appl Adm & Security	Active Directory		1		See discussion under Business Unit 032031.
ITS	032034	CORP-ITS Appl Adm & Security	Mgr Appl Admin & Security ITS		1		
ITS	032034	CORP-ITS Appl Adm & Security	Spec Business Appl Support ITS		3		
ITS	032034	CORP-ITS Appl Adm & Security	Specialist QA Change ITS		1		
ITS	032034	CORP-ITS Appl Adm & Security	Team Lead Data ITS		1		
ITS	**032034 Total**			ITS	7	0	
ITS	032035	CORP-ITS Security Architecture	Dir Security Programs		1		See discussion under Business Unit 032031.
ITS	032035	CORP-ITS Security Architecture	Security Compliance (SOX)		1	1	
ITS	**032035 Total**			ITS	2	1	
ITS	032071	CORP-ITS Admin	Admin FTE		1		See discussion under Business Unit 032031.
ITS	032071	CORP-ITS Admin	Exec Asst		1		
ITS	032071	CORP-ITS Admin	Mgr Perf Measures & Govern ITS		1		
ITS	032071	CORP-ITS Admin	VP & CIO		1		
ITS	**032071 Total**			ITS	4	0	
ITS	032072	CORP-ITS PMO	Admin Asst		1		See discussion under Business Unit 032031.
ITS	032072	CORP-ITS PMO	Career Level Project Mgr ITS		4		
ITS	032072	CORP-ITS PMO	Contracts Mgmt		1		
ITS	032072	CORP-ITS PMO	Dir PMO ITS		1		
ITS	032072	CORP-ITS PMO	Lead PM		3	1	
ITS	032072	CORP-ITS PMO	Master PM		1		
ITS	032072	CORP-ITS PMO	Sr Analyst PMO ITS		1		
ITS	**032072 Total**			ITS	12	1	
ITS	032073	CORP-ITS Infra/Oper Admin	Dir Infrastructure & Opns ITS		1		See discussion under Business Unit 032031.
ITS	032073	CORP-ITS Infra/Oper Admin	Exec Secretary		1		
ITS	**032073 Total**			ITS	2	0	
ITS	032074	CORP-ITS Production	Computer Operator ITS (N)		2		See discussion under Business Unit 032031.
ITS	032074	CORP-ITS Production	Lead Computer Operator (N)		2	1	
ITS	032074	CORP-ITS Production	Mgr Production ITS		1		
ITS	032074	CORP-ITS Production	Sr Computer Operator ITS (N)		4	1	
ITS	**032074 Total**			ITS	9	2	
ITS	032075	CORP-System Maint & Perf	Active Directory		1		See discussion under Business Unit 032031.
ITS	032075	CORP-System Maint & Perf	Database Administrator ITS		1		
ITS	032075	CORP-System Maint & Perf	Exchange Integration & IM		1		
ITS	032075	CORP-System Maint & Perf	Lead Specialist Support ITS		1		
ITS	032075	CORP-System Maint & Perf	Mgr Syst Maint & Perf ITS		1	1	
ITS	032075	CORP-System Maint & Perf	Spec Business Appl Support ITS		1		
ITS	032075	CORP-System Maint & Perf	Spec Middleware Supp-Citrix		1	1	
ITS	032075	CORP-System Maint & Perf	Spec Network Server AIX ITS		5	2	
ITS	032075	CORP-System Maint & Perf	Specialist Middleware Supp ITS		1		
ITS	032075	CORP-System Maint & Perf	Specialist Midrange Server ITS		2	1	
ITS	032075	CORP-System Maint & Perf	Specialist Web Groupware ITS		1		
ITS	032075	CORP-System Maint & Perf	Supp Spec Windows		1	1	
ITS	032075	CORP-System Maint & Perf	Support I OS400		1		
ITS	032075	CORP-System Maint & Perf	Support SAN/TSM		1		
ITS	032075	CORP-System Maint & Perf	Support System p AIX		1		
ITS	032075	CORP-System Maint & Perf	Svc Delivery Analyst		1		
ITS	032075	CORP-System Maint & Perf	Team Lead Domino Admin ITS		1		
ITS	**032075 Total**			ITS	22	6	
ITS	032076	CORP-Communications	CISCO Support ITS		1		See discussion under Business Unit 032031.
ITS	032076	CORP-Communications	Lead Specialist Support ITS		1	0	
ITS	032076	CORP-Communications	Mgr Telecomm ITS		1		
ITS	032076	CORP-Communications	Spec Comm Voice/Video ITS		2	0	
ITS	032076	CORP-Communications	Wan/Lan Support ITS		4	1	
ITS	**032076 Total**			ITS	9	1	
ITS	032077	CORP-ITS Security Operations	Dir IT Security		1		See discussion under Business Unit 032031.
ITS	032077	CORP-ITS Security Operations	Mcafee Specialist		1	1	
ITS	032077	CORP-ITS Security Operations	Princ Spec Entrprs Network Sec		1		
ITS	032077	CORP-ITS Security Operations	Project Mgr Security		1		
ITS	032077	CORP-ITS Security Operations	Sr Spec Network Server (Sec)		3		
ITS	**032077 Total**			ITS	7	1	
ITS	032078	CORP-Adm Business Solutions	Database Administrator ITS		1	1	See discussion under Business Unit 032031.
ITS	032078	CORP-Adm Business Solutions	Database Architect		2		
ITS	032078	CORP-Adm Business Solutions	Dir Core Business Systems ITS		1		
ITS	032078	CORP-Adm Business Solutions	Mgr App Dev 1		1		
ITS	032078	CORP-Adm Business Solutions	Mgr Business Development ITS		1		

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Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List			Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services							
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
ITS	032078	CORP-Adm Business Solutions	Mgr Technical JDE (ITS)		1		
ITS	032078	CORP-Adm Business Solutions	Team Lead Data ITS		1		
ITS	**032078 Total**			**ITS**	8	1	
ITS	032079	CORP-Technical Applications	Mgr App Dev 2		1		See discussion under Business Unit 032031.
ITS	032079	CORP-Technical Applications	Mgr Application Dev ITS		1	1	
ITS	032079	CORP-Technical Applications	Programmer Analyst		3	2	
ITS	032079	CORP-Technical Applications	Spec Business Appl Support ITS		1		
ITS	032079	CORP-Technical Applications	Sr Developer ITS		12	1	
ITS	032079	CORP-Technical Applications	Team Lead Appl Dev ITS		3		
ITS	032079	CORP-Technical Applications	Web Master ITS		1	1	
ITS	032079	CORP-Technical Applications	Web Self Service		1		
ITS	032079	CORP-Technical Applications	Web Specialist		1		
ITS	**032079 Total**			**ITS**	24	5	
ITS	032080	CORP-Functional Applications	Analyst Business ITS		4	2	See discussion under Business Unit 032031.
ITS	032080	CORP-Functional Applications	Mgr Application Dev ITS		1		
ITS	032080	CORP-Functional Applications	Spec Business Appl Support ITS		5		
ITS	032080	CORP-Functional Applications	Sr Analyst Business Reporting		1		
ITS	032080	CORP-Functional Applications	Sr Developer ITS		1		
ITS	032080	CORP-Functional Applications	Team Lead Appl Dev ITS		1		
ITS	032080	CORP-Functional Applications	Team Lead JDE (ITS)		1		
ITS	032080	CORP-Functional Applications	Team Lead Reporting ITS		1	1	
ITS	**032080 Total**			**ITS**	15	3	
ITS	032081	CORP-ITS Quality Assurance	Analyst QA ITS		9	1	See discussion under Business Unit 032031.
ITS	032081	CORP-ITS Quality Assurance	Bus Process		1		
ITS	032081	CORP-ITS Quality Assurance	Business Analyst		1		
ITS	032081	CORP-ITS Quality Assurance	Mgr Quality Assurance ITS		1		
ITS	032081	CORP-ITS Quality Assurance	SDLC Analyst		1		
ITS	**032081 Total**			**ITS**	13	1	
ITS	032082	Client Relationship Management	Business Partner-Customer Apps		1		See discussion under Business Unit 032031.
ITS	032082	Client Relationship Management	Business Partner-Productivity Apps		1		
ITS	032082	Client Relationship Management	Client Relationship Manager		1		
ITS	032082	Client Relationship Management	Desktop Virtualization		1		
ITS	032082	Client Relationship Management	Financial Laision		1		
ITS	032082	Client Relationship Management	Instructional Designer		1		
ITS	032082	Client Relationship Management	Materials Analyst		1		
ITS	032082	Client Relationship Management	Mgr Client Suprt HELP Desk ITS		1		
ITS	032082	Client Relationship Management	Mobile - Physical Support East		1		
ITS	032082	Client Relationship Management	Mobile - Physical Support West		1		
ITS	032082	Client Relationship Management	Spec Business Appl Support ITS		1		
ITS	032082	Client Relationship Management	Technical Lead Mobile ITS		1		
ITS	032082	Client Relationship Management	Technical Trainer Finance		1		
ITS	032082	Client Relationship Management	Trainer/Documenter ITS		2	0.5	
ITS	**032082 Total**			**ITS**	15	0.5	
ITS	032093	CORP-ITS Design Authority	Application Solution Architect		1	1	See discussion under Business Unit 032031.
ITS	032093	CORP-ITS Design Authority	Data Architect ITS		1		
ITS	032093	CORP-ITS Design Authority	Dir Strategy & Arch ITS		1		
ITS	032093	CORP-ITS Design Authority	Enterprise Arch Wintel ITS		1		
ITS	032093	CORP-ITS Design Authority	Mgr Technical Data ITS		1		
ITS	032093	CORP-ITS Design Authority	Process Architect		1		
ITS	032093	CORP-ITS Design Authority	Sr Data Architect ITS		2		
ITS	032093	CORP-ITS Design Authority	Telecomm Architect/Engineer		1		
ITS	032093	CORP-ITS Design Authority	Telephony Architect/Engineer		1		
ITS	**032093 Total**			**ITS**	10	1	
NORTHEAST	036501	NE-Production	Mgr Contract Opns		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	**036501 Total**			**Operations Services**	1	0	
NORTHEAST	036507	NE-Finance	Director Financial Perf Ping & Rptg		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036507	NE-Finance	Director Rates & Regulations		1		
NORTHEAST	036507	NE-Finance	Exec Asst		1		
NORTHEAST	036507	NE-Finance	Financial Analyst I		1		
NORTHEAST	036507	NE-Finance	Financial Analyst I (FP&A)		1		
NORTHEAST	036507	NE-Finance	Financial Analyst III		2		
NORTHEAST	036507	NE-Finance	Intmd Financial Analyst		2		
NORTHEAST	036507	NE-Finance	Mgr Compliance		1		
NORTHEAST	036507	NE-Finance	Mgr Financial Perf Ping & Rptg		1		
NORTHEAST	036507	NE-Finance	Mgr Project Finance (BD)		2		
NORTHEAST	036507	NE-Finance	Princ Analyst Financial		2		
NORTHEAST	036507	NE-Finance	Regional Dir Finance		1		

Service Company Cost Study — # of Positions Required — Workpaper for Exhibit 1.04
Employee Position List — Basis for Self Provisioning
Used for IL Self Provisioning of Service Company Services

Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
NORTHEAST	036507 Total			Corporate Finance	16	0	
NORTHEAST	036510	NE-Supply Chain	Analyst Procurement Business		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036510	NE-Supply Chain	Mgr Procurement		1		
NORTHEAST	036510 Total			Operations Services	2	0	
NORTHEAST	036515	NE-Legal	Corp Counsel III Regional		3		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036515	NE-Legal	Exec Asst		1		
NORTHEAST	036515	NE-Legal	Paralegal		3		
NORTHEAST	036515	NE-Legal	Regional General Counsel		1		
NORTHEAST	036515 Total			Legal	8	0	
NORTHEAST	036516	NE-Maintenance	Dir Maintenance		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036516	NE-Maintenance	Supvr SCADA		1		
NORTHEAST	036516 Total			Operations Services	2	0	
NORTHEAST	036518	NE-Human Resources	Exec Asst		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036518	NE-Human Resources	HR Generalist		2		
NORTHEAST	036518	NE-Human Resources	Mgr Human Resources		1		
NORTHEAST	036518	NE-Human Resources	Mgr Training & Development		1		
NORTHEAST	036518	NE-Human Resources	Regional Dir HR		1		
NORTHEAST	036518 Total			Human Resources	6	0	
NORTHEAST	036519	NE-Operational Risk	Dir Operational Risk Mgmt		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036519	NE-Operational Risk	Exec Secretary		1		
NORTHEAST	036519	NE-Operational Risk	Mgr Health & Safety		1		
NORTHEAST	036519	NE-Operational Risk	Mgr Loss Control		1		
NORTHEAST	036519	NE-Operational Risk	Specialist Health & Safety		2		
NORTHEAST	036519	NE-Operational Risk	Specialist Security		1		
NORTHEAST	036519 Total			Operations Services	7	0	
NORTHEAST	036525	NE-External Affairs	Dir External Affairs - Area 1		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036525	NE-External Affairs	Mgr Customer Communications - Area 1		1		
NORTHEAST	036525	NE-External Affairs	Mgr External Affairs - (NJ, NY)		1		
NORTHEAST	036525	NE-External Affairs	Mgr Internal Communications - Area 1		1		
NORTHEAST	036525	NE-External Affairs	Specialist External Affairs - (NJ, NY)		1		
NORTHEAST	036525 Total			Communications and External A	5	0	
NORTHEAST	036531	NE-Eastern CS & S	Lead Specialist Support ITS		2		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036531	NE-Eastern CS & S	Mgr Regional Client Rel ITS		1		
NORTHEAST	036531	NE-Eastern CS & S	Specialist Support ITS		12		
NORTHEAST	036531	NE-Eastern CS & S	Sr Spec Computer Support ITS		6		
NORTHEAST	036531	NE-Eastern CS & S	Team Lead IT Regional Support		2		
NORTHEAST	036531 Total			ITS	23	0	
NORTHEAST	036576	NE-Building Services Woodcrest	Mail Room Clerk (N)		1		Currently, no service from AWWS is provided by this Business Unit to IL
NORTHEAST	036576	NE-Building Services Woodcrest	Receptionist (N)		1		
NORTHEAST	036576 Total			Operations Services	2	0	
SOUTHEAST	035002	SE-Network	Exec Secretary		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035002	SE-Network	General Manager States		1		
SOUTHEAST	035002	SE-Network	Supvr Water Quality		1		
SOUTHEAST	035002 Total			Operations Services	3	0	
SOUTHEAST	035003	SE-Customer Relations	Admin Support Rep (N)		3		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035003	SE-Customer Relations	Administrator FRCC System		1		
SOUTHEAST	035003	SE-Customer Relations	Analyst Premise OA (N)		2		
SOUTHEAST	035003	SE-Customer Relations	Collections/Compliance Rep (N)		1		
SOUTHEAST	035003	SE-Customer Relations	Coordinator FRCC		8		
SOUTHEAST	035003	SE-Customer Relations	Dir Customer Relations		1		
SOUTHEAST	035003	SE-Customer Relations	Mgr Billing/Collection & Pymt		1		
SOUTHEAST	035003	SE-Customer Relations	Mgr Customer Advocacy		1		
SOUTHEAST	035003	SE-Customer Relations	Mgr Major Customer Accts		1		
SOUTHEAST	035003	SE-Customer Relations	Regional Svc Support Rep (N)		14		
SOUTHEAST	035003	SE-Customer Relations	Supt FRCC		1		
SOUTHEAST	035003 Total			Customer Service Ctr	34	0	
SOUTHEAST	035005	SE-Administration	Admin Asst (N)		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035005	SE-Administration	Supvr Admin Support		1		
SOUTHEAST	035005 Total			Operations Services	2	0	
SOUTHEAST	035007	SE-Finance	Analyst Financial		2		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035007	SE-Finance	Asst Mgr Rates		3		
SOUTHEAST	035007	SE-Finance	Capital Compliance Analyst		1		
SOUTHEAST	035007	SE-Finance	Director of Rates		1		
SOUTHEAST	035007	SE-Finance	Exec Asst		1		
SOUTHEAST	035007	SE-Finance	Finance Planning and Analysis Mgr		2		
SOUTHEAST	035007	SE-Finance	Financial Analyst II - FP&A - New Vacant		1		
SOUTHEAST	035007	SE-Finance	Financial Analyst III - Compliance (L08)		2		

Service Company Cost Study
Employee Position List
Used for IL Self Provisioning of Service Company Services

# of Positions Required
Basis for Self Provisioning

Workpaper for Exhibit 1.04

Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
SOUTHEAST	035007	SE-Finance	Financial Analyst III - FP&A - New Vacant		1		
SOUTHEAST	035007	SE-Finance	Financial Analyst III - FP&A Tennessee		1		
SOUTHEAST	035007	SE-Finance	Manager of Rates (PA, VA, MD)		1		
SOUTHEAST	035007	SE-Finance	Mgr Compliance		1		
SOUTHEAST	035007	SE-Finance	Mgr Financial Perf Ping & Rptg		1		
SOUTHEAST	035007	SE-Finance	Mgr Rates & Regulations		1		
SOUTHEAST	035007	SE-Finance	Regional Dir Finance		1		
SOUTHEAST	035007	SE-Finance	Sr Analyst Financial		5		
SOUTHEAST	035007	SE-Finance	Sr Secretary (N)		1		
SOUTHEAST	**035007 Total**			**Corporate Finance**	**26**	**0**	
SOUTHEAST	035010	SE-Supply Chain	Analyst Procurement Business		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035010	SE-Supply Chain	Mgr Procurement		1		
SOUTHEAST	**035010 Total**			**Operations Services**	**2**	**0**	
SOUTHEAST	035014	SE-Engineering	Sr Project Engr		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	**035014 Total**			**Operations Services**	**1**	**0**	
SOUTHEAST	035015	SE-Legal	Corp Counsel III Regional		3		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035015	SE-Legal	Exec Asst		1		
SOUTHEAST	035015	SE-Legal	Legal Secy (N)		1		
SOUTHEAST	035015	SE-Legal	Paralegal		1		
SOUTHEAST	035015	SE-Legal	Regional General Counsel		1		
SOUTHEAST	**035015 Total**			**Legal**	**7**	**0**	
SOUTHEAST	035016	SE-Maintenance	Dir Maintenance		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035016	SE-Maintenance	Mgr Maintenance		1		
SOUTHEAST	035016	SE-Maintenance	Mgr SCADA		1		
SOUTHEAST	035016	SE-Maintenance	Supvr Maint Service		8		
SOUTHEAST	035016	SE-Maintenance	Supvr SCADA		2		
SOUTHEAST	**035016 Total**			**Operations Services**	**13**	**0**	
SOUTHEAST	035018	SE-Human Resources	Exec Asst		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035018	SE-Human Resources	HR Generalist		1		
SOUTHEAST	035018	SE-Human Resources	Mgr Human Resources		2		
SOUTHEAST	035018	SE-Human Resources	Mgr Training & Development		1		
SOUTHEAST	035018	SE-Human Resources	Regional Dir HR		1		
SOUTHEAST	035018	SE-Human Resources	Sr HR Generalist		1		
SOUTHEAST	035018	SE-Human Resources	Trainer HR		1		
SOUTHEAST	**035018 Total**			**Human Resources**	**8**	**0**	
SOUTHEAST	035019	SE-Operational Risk	Dir Operational Risk Mgmt		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035019	SE-Operational Risk	Mgr Loss Control		1		
SOUTHEAST	035019	SE-Operational Risk	ORM Specialist		1		
SOUTHEAST	**035019 Total**			**Operations Services**	**3**	**0**	
SOUTHEAST	035020	SE-Business Development	Business Developer		2		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035020	SE-Business Development	Dir Business Development - Eastern Div		1		
SOUTHEAST	035020	SE-Business Development	Mgr Bid		1		
SOUTHEAST	035020	SE-Business Development	Specialist Market Development		1		
SOUTHEAST	035020	SE-Business Development	Sr Mgr Business Dev		1		
SOUTHEAST	035020	SE-Business Development	Wastewater Director		1		
SOUTHEAST	**035020 Total**			**Other**	**7**	**0**	
SOUTHEAST	035025	SE-External Affairs	Administrative Assistant - Area 2		1		Currently, no service from AWWS is provided by this Business Unit to IL
SOUTHEAST	035025	SE-External Affairs	Dir External Affairs - Area 2		1		
SOUTHEAST	035025	SE-External Affairs	Mgr Customer Communications - Area 2		1		
SOUTHEAST	035025	SE-External Affairs	Mgr Internal Communications - Area 2		1		
SOUTHEAST	**035025 Total**			**Communications and External A**	**4**	**0**	
SSC	032063	CORP-Building Services Woodcre	Asst. Facilities Mgr		1		If IL is in a self provisioning position, those services would be handled by FTE assigned to IL.
SSC	032063	CORP-Building Services Woodcre	Mail Room Clerk (N)		2		
SSC	032063	CORP-Building Services Woodcre	Receptionist (N)		1		
SSC	032063	CORP-Building Services Woodcre	Sr Mailroom Coord (N)		1		
SSC	**032063 Total**			**Operations Services**	**5**	**0**	
SSC	032084	SSC-Accounts Payable	Analyst Accounts Payable (N)		12	1	The FTE requirments to perform the SSC functions relating to payroll,
SSC	032084	SSC-Accounts Payable	Mgr Accounts Payable		1		general accounting, general tax, accounts payable, fixed assets are reflected
SSC	032084	SSC-Accounts Payable	Specialist Accts Payable (N)		15	1	in this business unit and the ones indentified below as SSC Business Units.
SSC	032084	SSC-Accounts Payable	Sr Analyst Accts Payable (N)		1		
SSC	032084	SSC-Accounts Payable	Team Lead Accounts Payable		4	0.5	
SSC	**032084 Total**			**Shared Services Ctr**	**33**	**2.5**	
SSC	032505	SSC-Administration	Admin Asst (N)		1		SSC Business Unit
SSC	032505	SSC-Administration	Dir Accounting		4	1	
SSC	032505	SSC-Administration	Dir Financial Services		3		
SSC	032505	SSC-Administration	Exec Asst		1	1	
SSC	032505	SSC-Administration	Mgr Service Quality		1		

Service Company Cost Study		# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List		Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services						
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
SSC	032505	SSC-Administration	VP Shared Services		1		
SSC	032505 Total			Shared Services Ctr	11	2	
SSC	032570	SSC-General Accounting	Accountant (N)		3		SSC Business Unit
SSC	032570	SSC-General Accounting	Intmd Accountant		10	1	
SSC	032570	SSC-General Accounting	Intmd Accountant Tax		1	1	
SSC	032570	SSC-General Accounting	Mgr Accounting		2		
SSC	032570	SSC-General Accounting	Mgr Accounting ADD		2	1	
SSC	032570	SSC-General Accounting	Mgr Financial Reporting		4		
SSC	032570	SSC-General Accounting	Specialist Accounting (N)		2		
SSC	032570	SSC-General Accounting	Sr Accountant		14	1	
SSC	032570 Total			Shared Services Ctr	38	4	
SSC	032571	SSC-Tax	Accountant Tax (N)		2		SSC Business Unit
SSC	032571	SSC-Tax	Intmd Accountant Tax		4	1	
SSC	032571	SSC-Tax	Mgr General Tax		2		
SSC	032571	SSC-Tax	Tax Asst (N)		2		
SSC	032571	SSC-Tax	Team Lead Tax Accounting		1		
SSC	032571 Total			Shared Services Ctr	11	1	
SSC	032572	SSC-Business Support Services	Analyst Business Performance		1		SSC Business Unit
SSC	032572	SSC-Business Support Services	Analyst Support Services		2		
SSC	032572	SSC-Business Support Services	Business Liaison		2		
SSC	032572	SSC-Business Support Services	Specialist Ldrshp & Staff Dev		1		
SSC	032572	SSC-Business Support Services	Sr Analst Systems		1		
SSC	032572	SSC-Business Support Services	Sr Analyst Support Services		1	0.5	
SSC	032572	SSC-Business Support Services	Systems Administrator		1		
SSC	032572	SSC-Business Support Services	Training Asst (N)		1	0.5	
SSC	032572 Total			Shared Services Ctr	10	1	
SSC	032574	SSC-Rates & Regulation	Analyst Financial		1		The services from the SSC rates group has been reflected in the finance group's FTE self provisioning requirements
SSC	032574	SSC-Rates & Regulation	Asst Mgr Rates		1		
SSC	032574	SSC-Rates & Regulation	Intmd Financial Analyst		2		
SSC	032574	SSC-Rates & Regulation	Mgr Rates & Regulations		1		
SSC	032574	SSC-Rates & Regulation	Sr Analyst Financial		5		
SSC	032574	SSC-Rates & Regulation	Team Lead Rates		1		
SSC	032574 Total			Shared Services Ctr	11	0	
SSC	032575	SSC-Cash Management	Analyst Cash Management		4	1	SSC Business Unit
SSC	032575	SSC-Cash Management	Mgr Cash		1		
SSC	032575	SSC-Cash Management	Specialist Cash Management (N)		7		
SSC	032575	SSC-Cash Management	Sr Analyst Cash Management		2		
SSC	032575	SSC-Cash Management	Team Lead Cash Management		2	0.5	
SSC	032575 Total			Shared Services Ctr	16	1.5	
SSC	032577	SSC-Fixed Assets/Job Cost	Accountant (N)		6		SSC Business Unit
SSC	032577	SSC-Fixed Assets/Job Cost	Intmd Accountant		3		
SSC	032577	SSC-Fixed Assets/Job Cost	Mgr FA/JC		1		
SSC	032577	SSC-Fixed Assets/Job Cost	Specialist Accounting (N)		2	1	
SSC	032577	SSC-Fixed Assets/Job Cost	Sr Accountant		5	1	
SSC	032577	SSC-Fixed Assets/Job Cost	Team Lead FA/JC		4		
SSC	032577 Total			Shared Services Ctr	21	2	
SSC	032578	SSC-Project Management	Project Mgr		3	0.5	SSC Business Unit
SSC	032578 Total			Shared Services Ctr	3	0.5	
SSC	032579	SSC-Employee Services	Analyst HR		4	1	SSC Business Unit
SSC	032579	SSC-Employee Services	Analyst Payroll		9	1	
SSC	032579	SSC-Employee Services	Mgr Employee Svcs		1		
SSC	032579	SSC-Employee Services	Specialist HRIS (N)		5		
SSC	032579	SSC-Employee Services	Specialist Payroll (N)		6		
SSC	032579	SSC-Employee Services	Sr Specialist Payroll (N)		2		
SSC	032579	SSC-Employee Services	Team Lead HR Data Mgmt		1		
SSC	032579	SSC-Employee Services	Team Lead Payroll		3	0.5	
SSC	032579 Total			Shared Services Ctr	31	2.5	
SSC	032580	SSC-AWE	Intmd Accountant		1		This group is dedicated to work for AWE and does not provide services to IL
SSC	032580	SSC-AWE	Mgr Accounting		1		
SSC	032580	SSC-AWE	Sr Accountant		7		
SSC	032580	SSC-AWE	Team Lead GA		2		
SSC	032580 Total			Shared Services Ctr	11	0	
WESTERN	033003	WE-Customer Relations	Administrator FRCC System		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033003	WE-Customer Relations	Coordinator FRCC		2		
WESTERN	033003	WE-Customer Relations	Supvr FRCC		1		
WESTERN	033003 Total			Customer Service Ctr	4	0	
WESTERN	033005	WE-Administration	Exec Asst to EMT		1		Currently, no service from AWWS is provided by this Business Unit to IL

Service Company Cost Study			# of Positions Required				Workpaper for Exhibit 1.04
Employee Position List			Basis for Self Provisioning				
Used for IL Self Provisioning of Service Company Services							
Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
WESTERN	033005	WE-Administration	Project Mgr		1		
WESTERN	033005	WE-Administration	State President		1		
WESTERN	**033005 Total**			**Operations Services**	3	0	
WESTERN	033007	WE-Finance	Admin Asst (N)		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033007	WE-Finance	Analyst Capital Cmpl (Region)		1		
WESTERN	033007	WE-Finance	Analyst Financial		1		
WESTERN	033007	WE-Finance	Analyst Regulatory		1		
WESTERN	033007	WE-Finance	Asst Mgr Rates		1		
WESTERN	033007	WE-Finance	Intmd Financial Analyst		2		
WESTERN	033007	WE-Finance	Mgr Compliance		1		
WESTERN	033007	WE-Finance	Mgr Financial Perf Ping & Rptg		1		
WESTERN	033007	WE-Finance	Mgr Rates & Regulations		1		
WESTERN	033007	WE-Finance	Regional Dir Finance		1		
WESTERN	033007	WE-Finance	Regulatory Analyst		1		
WESTERN	033007	WE-Finance	Sr Analyst Financial		3		
WESTERN	**033007 Total**			**Corporate Finance**	15	0	
WESTERN	033010	WE-Supply Chain	Analyst Procurement Business		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033010	WE-Supply Chain	Mgr Procurement		1		
WESTERN	**033010 Total**			**Operations Services**	2	0	
WESTERN	033011	WE-Environmental Mgmt	Specialist Water Quality		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	**033011 Total**			**Operations Services**	1	0	
WESTERN	033014	WE-Engineering	Mgr Engrg - Technical Services		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033014	WE-Engineering	Mgr Engrg-Asset/Capital Ping		1		
WESTERN	033014	WE-Engineering	Specialist Opns		1		
WESTERN	033014	WE-Engineering	Sr Cost Engineer		1		
WESTERN	033014	WE-Engineering	Sr Project Engr		1		
WESTERN	**033014 Total**			**Operations Services**	5	0	
WESTERN	033015	WE-Legal	Corp Counsel II		2		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033015	WE-Legal	Corp Counsel III		2		
WESTERN	033015	WE-Legal	Legal Secretary		1		
WESTERN	033015	WE-Legal	Paralegal		1		
WESTERN	033015	WE-Legal	Project Mgr		1		
WESTERN	033015	WE-Legal	Regional General Counsel		1		
WESTERN	**033015 Total**			**Legal**	8	0	
WESTERN	033016	WE-Maintenance	Dir Maintenance		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033016	WE-Maintenance	Mgr Maint Reliability		1		
WESTERN	033016	WE-Maintenance	Mgr SCADA		1		
WESTERN	**033016 Total**			**Operations Services**	3	0	
WESTERN	033018	WE-Human Resources	HR Admin		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033018	WE-Human Resources	HR Generalist		2		
WESTERN	033018	WE-Human Resources	Mgr Human Resources		1		
WESTERN	033018	WE-Human Resources	Mgr Training & Development		1		
WESTERN	033018	WE-Human Resources	Regional Dir HR		1		
WESTERN	033018	WE-Human Resources	Specialist Human Resources		2		
WESTERN	**033018 Total**			**Human Resources**	8	0	
WESTERN	033019	WE-Operational Risk	Dir Operational Risk Mgmt		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033019	WE-Operational Risk	Mgr Loss Control		2		
WESTERN	**033019 Total**			**Operations Services**	3	0	
WESTERN	033020	WE-Business Development	BD Executive Assistant (1/2 FTE)		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033020	WE-Business Development	Business Developer		2		
WESTERN	033020	WE-Business Development	Client Exec		1		
WESTERN	033020	WE-Business Development	Dir Business Development		1		
WESTERN	033020	WE-Business Development	Mgr Production		1		
WESTERN	033020	WE-Business Development	Mgr Project Finance (BD)		1		
WESTERN	**033020 Total**			**Other**	7	0	
WESTERN	033025	WE-External Affairs	Dir External Affairs - Area 4		1		Currently, no service from AWWS is provided by this Business Unit to IL
WESTERN	033025	WE-External Affairs	Intern - Area 4		2		
WESTERN	033025	WE-External Affairs	Mgr Customer Communications - Area 4		1		
WESTERN	033025	WE-External Affairs	Mgr External Affairs - (CA, NM, TX)		1		
WESTERN	033025	WE-External Affairs	Mgr Internal Communications - Area 4		1		
WESTERN	**033025 Total**			**Communications and External A**	6	0	

Service Company Cost Study — # of Positions Required — Workpaper for Exhibit 1.04
Employee Position List — Basis for Self Provisioning
Used for IL Self Provisioning of Service Company Services

Location	BU#	BU Name	AWW Job Title	Function	Current # of Positions in AW Plan	# Positions Required by IL Self Prov	Basis for Self Provisioning
					Positions	Positions	
		BELLEVILLE LAB TOTAL			36	6.0	BELLEVILLE LAB TOTAL
		CALL CENTER TOTAL			668	55.0	CALL CENTER TOTAL
		CENTRAL TOTAL			184	56.0	CENTRAL TOTAL
		CORPORATE TOTAL			272	23.0	CORPORATE TOTAL
		ITS TOTAL			179	25.5	ITS TOTAL
		NORTHEAST TOTAL			72	0.0	NORTHEAST TOTAL
		SOUTHEAST TOTAL			110	0.0	SOUTHEAST TOTAL
		SSC TOTAL			201	17.0	SSC TOTAL
		WESTERN TOTAL			65	0.0	WESTERN TOTAL
		TOTAL SERVICE COMPANY			1,787	182.5	

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Clerk Accounting (N)	0.25	20.76	9,557	41.80	19,243	1,841.43	28,800
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Clerk Documentation (N)	0.25	18.00	8,286	40.02	18,424	1,841.43	26,710
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Clerk Sample Custody (N)	0.25	15.46	7,117	36.39	17,673	1,841.43	24,790
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Documentation Lead (N)	0.25	20.44	9,410	41.60	19,151	1,841.43	28,561
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	HR Asst (N)	0.00	23.01	0	43.26	0	1,841.43	0
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Lab Analyst	0.00	27.95	0	46.44	0	1,841.43	0
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Lab Analyst (N)	1.00	27.16	50,013	45.93	84,577	1,841.43	134,590
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Lab Tech (N)	0.00	17.78	0	39.89	0	1,841.43	0
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Laboratory Director	1.00	83.40	153,575	82.23	151,421	1,841.43	304,996
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Maint Tech (N)	0.00	19.49	0	40.99	0	1,841.43	0
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Mgr Chemistry	0.50	46.35	42,675	58.31	53,687	1,841.43	96,362
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Mgr QA/QC Water Quality	0.50	47.05	43,320	58.76	54,101	1,841.43	97,421
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Sample Custody Lead (N)	0.00	20.44	0	41.60	0	1,841.43	0
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Specialist QA/QC	0.00	34.69	0	50.80	0	1,841.43	0
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Sr Lab Analyst	2.00	34.58	127,353	50.73	186,832	1,841.43	314,185
BELLEVILLE LAB	034517	BVLAB-Water Quality	Operations Services	Sr Lab Tech (N)	0.00	20.38	0	41.57	0	1,841.43	0
BELLEVILLE LAB	**034517 Total**		Operations Services		6.00						1,056,415
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Admin Asst (N)	1.00	18.65	34,343	20.91	38,504	1,841.43	72,847
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Analyst Business	1.00	37.96	69,901	32.74	60,288	1,841.43	130,189
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Clerk General Service (N)	0.00	15.40	0	18.92	0	1,841.43	0
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Mgr O&M	0.00	78.12	0	57.33	0	1,841.43	0
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Office Manager	0.00	35.91	0	31.49	0	1,841.43	0
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Receptionist (N)	0.00	15.30	0	18.85	0	1,841.43	0
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Specialist Opns & Perf Rptg	1.00	28.33	52,168	26.84	49,424	1,841.43	101,592
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	Sr Specialist Business Svcs	0.00	47.32	0	38.48	0	1,841.43	0
CALL CENTER	034005	CCA-Administration	Customer Service Ctr	VP Customer Svc	1.00	89.36	164,550	64.22	118,257	1,841.43	282,807
CALL CENTER	**034005 Total**		Customer Service Ctr		4.00						587,435
CALL CENTER	034018	CCA-Human Resources	Customer Service Ctr	Dir HR	0.00	77.56	0	98.57	0	1,841.43	0
CALL CENTER	034018	CCA-Human Resources	Customer Service Ctr	HR Generalist	1.00	31.89	58,723	46.56	85,737	1,841.43	144,460
CALL CENTER	034018	CCA-Human Resources	Customer Service Ctr	Specialist Human Resources	0.00	23.09	0	36.55	0	1,841.43	0
CALL CENTER	034018	CCA-Human Resources	Customer Service Ctr	Sr HR Generalist	0.00	40.32	0	56.16	0	1,841.43	0
CALL CENTER	**034018 Total**		Customer Service Ctr		1.00						144,460
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	Call Handlers - Union	24.00	15.73	695,177	20.23	894,052	1,841.43	1,589,229
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	CS Specialist (CSR-4)	3.00	20.83	115,071	23.82	131,589	1,841.43	246,660
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	CSR Time Critical (CSR-3)	1.00	18.68	34,398	22.31	41,082	1,841.43	75,480
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	Mgr Call Handling	0.00	47.24	0	42.36	0	1,841.43	0
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	Specialist Performance	0.00	22.97	0	25.31	0	1,841.43	0
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	Supvr Floor (N)	1.00	19.13	35,227	22.62	41,653	1,841.43	76,880
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	Team Supvr Call Handling	1.00	25.46	46,883	27.06	49,829	1,841.43	96,712
CALL CENTER	034070	CCA-Call Handling	Customer Service Ctr	Technical Coordinators (CSR-4)	0.00	20.83	0	23.62	0	1,841.43	0
CALL CENTER	**034070 Total**		Customer Service Ctr		30.00						2,084,961
CALL CENTER	034071	CCA-Billing	Customer Service Ctr	CSR-3 Billing Specialist	7.00	19.22	247,746	21.65	279,069	1,841.43	526,815
CALL CENTER	034071	CCA-Billing	Customer Service Ctr	CSR-4 Technical Coordinator	2.00	21.10	77,708	22.87	84,227	1,841.43	161,935
CALL CENTER	034071	CCA-Billing	Customer Service Ctr	Mgr Billing	1.00	46.51	85,645	39.31	72,387	1,841.43	158,032
CALL CENTER	034071	CCA-Billing	Customer Service Ctr	Specialist Performance	0.00	22.94	0	24.05	0	1,841.43	0
CALL CENTER	034071	CCA-Billing	Customer Service Ctr	Supvr Billing Group	0.00	34.08	0	31.27	0	1,841.43	0
CALL CENTER	034071	CCA-Billing	Customer Service Ctr	Team Supvr Billing	0.00	25.02	0	25.40	0	1,841.43	0
CALL CENTER	**034071 Total**		Customer Service Ctr		10.00						846,782
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	Collection Liaison	0.00	29.52	0	29.91	0	1,841.43	0
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	CSR-1 Collections Rep.	1.00	17.03	31,360	21.25	39,130	1,841.43	70,490
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	CSR-3 Collections Specialist	2.00	19.03	70,085	22.64	83,380	1,841.43	153,465
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	CSR-4 Technical Coordinator	0.00	21.17	0	24.13	0	1,841.43	0
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	Mgr Collections	1.00	43.23	79,605	39.41	72,571	1,841.43	152,176
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	Specialist Performance	0.00	23.63	0	25.83	0	1,841.43	0
CALL CENTER	034072	CCA-Collections	Customer Service Ctr	Team Supvr Collections	0.00	25.79	0	27.33	0	1,841.43	0
CALL CENTER	**034072 Total**		Customer Service Ctr		4.00						376,131
CALL CENTER	034073	CCA-Operations & Performance	Customer Service Ctr	Analyst Traffic & Scheduling	0.00	24.56	0	26.53	0	1,841.43	0
CALL CENTER	034073	CCA-Operations & Performance	Customer Service Ctr	Intmd Financial Analyst	1.00	32.60	60,399	32.04	58,999	1,841.43	119,398
CALL CENTER	034073	CCA-Operations & Performance	Customer Service Ctr	Maint Tech (N)	0.00	18.63	0	22.55	0	1,841.43	0
CALL CENTER	034073	CCA-Operations & Performance	Customer Service Ctr	Mgr Building Services	0.00	37.98	0	35.52	0	1,841.43	0
CALL CENTER	034073	CCA-Operations & Performance	Customer Service Ctr	Mgr CSC Opns & Performance	1.00	52.07	95,883	44.93	82,736	1,841.43	178,619
CALL CENTER	034073	CCA-Operations & Performance	Customer Service Ctr	Sr Analyst Financial	0.00	42.37	0	38.43	0	1,841.43	0
CALL CENTER	**034073 Total**		Customer Service Ctr		2.00						298,017
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Mgr Business Services	1.00	68.19	125,567	47.75	87,928	1,841.43	213,495
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Spec Customer Resolution (N)	0.00	25.03	0	23.71	0	1,841.43	0
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Specialist Business Svcs	0.00	35.80	0	29.71	0	1,841.43	0
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Specialist Performance	1.00	31.34	57,710	27.23	50,142	1,841.43	107,852
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Specialist Water Quality	0.00	33.17	0	28.25	0	1,841.43	0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Sr Specialist Business Svcs	0.00	39.46	0	31.76	0	1,841.43	0
CALL CENTER	034074	CCA-Business Services	Customer Service Ctr	Supr Business Services	0.00	31.07	0	27.08	0	1,841.43	0
CALL CENTER	**034074 Total**		Customer Service Ctr		2.00						321,347
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Analyst QA	1.00	22.44	41,322	24.57	45,244	1,841.43	86,566
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Mgr Educ Dev & Quality	0.00	38.13	0	34.99	0	1,841.43	0
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Mgr Process	1.00	41.98	77,303	37.55	69,146	1,841.43	146,449
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Specialist Educ & Dev	0.00	24.06	0	25.66	0	1,841.43	0
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Specialist Performance	0.00	27.59	0	28.00	0	1,841.43	0
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Sr Specialist Education & Dev	0.00	32.57	0	31.30	0	1,841.43	0
CALL CENTER	034075	CCA-Education & Development	Customer Service Ctr	Training Asst (N)	0.00	18.69	0	22.08	0	1,841.43	0
CALL CENTER	**034075 Total**		Customer Service Ctr		2.00						233,015
CALL CENTER	037005	CCP-Administration	Customer Service Ctr	Admin Asst (N)	0.00	21.26	0	25.77	0	1,841.43	0
CALL CENTER	037005	CCP-Administration	Customer Service Ctr	Mail Clerk (N)	0.00	15.82	0	21.54	0	1,841.43	0
CALL CENTER	037005	CCP-Administration	Customer Service Ctr	Receptionist (N)	0.00	14.24	0	20.32	0	1,841.43	0
CALL CENTER	**037005 Total**		Customer Service Ctr		0.00						0
CALL CENTER	037018	CCP-Human Resources ODI	Customer Service Ctr	Specialist Human Resources	0.00	23.33	0	44.73	0	1,841.43	0
CALL CENTER	037018	CCP-Human Resources ODI	Customer Service Ctr	Sr HR Generalist	0.00	36.73	0	64.21	0	1,841.43	0
CALL CENTER	**037018 Total**		Customer Service Ctr		0.00						0
CALL CENTER	037070	CCP-Call Handling	Customer Service Ctr	Call Handlers - Union	0.00	14.54	0	19.88	0	1,841.43	0
CALL CENTER	037070	CCP-Call Handling	Customer Service Ctr	CSR-4 Help Queue	0.00	20.83	0	24.67	0	1,841.43	0
CALL CENTER	037070	CCP-Call Handling	Customer Service Ctr	Mgr Call Handling	0.00	44.17	0	42.39	0	1,841.43	0
CALL CENTER	037070	CCP-Call Handling	Customer Service Ctr	Supvr Call Handling Group	0.00	30.23	0	31.81	0	1,841.43	0
CALL CENTER	037070	CCP-Call Handling	Customer Service Ctr	Supvr Floor (N)	0.00	19.65	0	23.77	0	1,841.43	0
CALL CENTER	037070	CCP-Call Handling	Customer Service Ctr	Team Supvr Call Handling	0.00	23.22	0	26.47	0	1,841.43	0
CALL CENTER	**037070 Total**		Customer Service Ctr		0.00						0
CALL CENTER	037073	CCP-Operations and Support	Customer Service Ctr	Analyst Traffic & Scheduling	0.00	23.34	0	26.03	0	1,841.43	0
CALL CENTER	037073	CCP-Operations and Support	Customer Service Ctr	Maint Tech (N)	0.00	19.48	0	23.31	0	1,841.43	0
CALL CENTER	037073	CCP-Operations and Support	Customer Service Ctr	Mgr Building Services	0.00	30.35	0	30.97	0	1,841.43	0
CALL CENTER	**037073 Total**		Customer Service Ctr		0.00						0
CALL CENTER	037075	CCP-Education & Development	Customer Service Ctr	Analyst QA	0.00	20.33	0	26.40	0	1,841.43	0
CALL CENTER	037075	CCP-Education & Development	Customer Service Ctr	Specialist Educ & Dev	0.00	30.66	0	34.87	0	1,841.43	0
CALL CENTER	037075	CCP-Education & Development	Customer Service Ctr	Training Asst (N)	0.00	21.66	0	27.48	0	1,841.43	0
CALL CENTER	**037075 Total**		Customer Service Ctr		0.00						0
CENTRAL	033501	CE-Production	Operations Services	Dir Production	0.00	70.85	0	46.93	0	1,841.43	0
CENTRAL	**033501 Total**		Operations Services		0.00						0
CENTRAL	033502	CE-Network	Operations Services	Sr Engineering Project Manager	0.00	61.72	0	39.81	0	1,841.43	0
CENTRAL	033502	CE-Network	Operations Services	VP of Operations for Missiouri	0.00	93.45	0	57.11	0	1,841.43	0
CENTRAL	033502	CE-Network	Operations Services	VP Operations (Large)	0.00	82.12	0	50.93	0	1,841.43	0
CENTRAL	**033502 Total**		Operations Services		0.00						0
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Admin Asst (N)	1.00	21.87	40,272	20.39	37,547	1,841.43	77,819
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Administrator FRCC System	0.00	33.77	0	27.52	0	1,841.43	0
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Analyst Premise QA (N)	1.00	22.69	41,782	20.88	38,449	1,841.43	80,231
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Coordinator FRCC	2.00	25.73	94,760	22.71	83,638	1,841.43	178,398
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Dir Cust & Oper Support	1.00	121.52	223,771	80.02	147,351	1,841.43	371,122
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Dir Customer Relations	0.00	50.58	0	37.57	0	1,841.43	0
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Mgr Billing/Collection & Pymt	1.00	50.73	93,416	37.67	69,367	1,841.43	162,783
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Mgr Business Performance	0.00	54.17	0	39.73	0	1,841.43	0
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Mgr FRCC	1.00	42.43	78,132	32.70	60,215	1,841.43	138,347
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Mgr Major Customer Accts	1.00	40.53	74,633	31.55	58,097	1,841.43	132,730
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Regional Service Support Repre	2.00	19.38	71,374	18.90	69,606	1,841.43	140,980
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Regional Svc Support Rep (N)	0.00	20.60	0	19.63	0	1,841.43	0
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Spec Bill/Pymt Collection (N)	1.00	28.62	52,702	24.44	45,005	1,841.43	97,707
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Spec Business Process Perf (N)	0.00	22.70	0	20.89	0	1,841.43	0
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Specialist Contract Accts (N)	0.50	23.25	21,407	21.21	19,528	1,841.43	40,935
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Specialist Meter Mgmt (N)	0.50	20.17	18,571	19.38	17,843	1,841.43	36,414
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Supvr Meter Mgmt	1.00	34.79	64,063	28.12	51,781	1,841.43	115,844
CENTRAL	033503	CE-Customer Relations	Div Ops Support & Reg Ops	Supvr Regional Suppon	0.00	32.33	0	26.65	0	1,841.43	0
CENTRAL	**033503 Total**		Div Ops Support & Reg Ops		13.00						1,573,316
CENTRAL	033505	CE-Administration	Other	Exec Asst	0.00	29.57	0	63.17	0	1,841.43	0
CENTRAL	033505	CE-Administration	Other	Exec Asst to EMT	0.00	35.42	0	66.72	0	1,841.43	0
CENTRAL	033505	CE-Administration	Other	President (States)	0.00	103.38	0	108.16	0	1,841.43	0
CENTRAL	033505	CE-Administration	Other	State President	0.00	190.70	0	161.40	0	1,841.43	0
CENTRAL	**033505 Total**		Other		0.00						0
CENTRAL	033507	CE-Finance	Corporate Finance	Admin Asst (N)	1.00	20.01	36,847	17.72	32,630	1,841.43	69,477
CENTRAL	033507	CE-Finance	Corporate Finance	Analyst Financial	0.00	28.63	0	22.70	0	1,841.43	0
CENTRAL	033507	CE-Finance	Corporate Finance	Director of Rates	1.00	90.53	166,705	58.41	107,558	1,841.43	274,263
CENTRAL	033507	CE-Finance	Corporate Finance	Exec Asst	1.00	27.60	50,824	22.11	40,714	1,841.43	91,538
CENTRAL	033507	CE-Finance	Corporate Finance	Financial Analyst II (Compliance - Capital Compliance)	0.00	37.96	0	28.09	0	1,841.43	0

TOTAL SERVICE COMPANY
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CENTRAL	033507	CE-Finance	Corporate Finance	Financial Analyst II (FP&A - IN/MI)	0.00	37.73	0	27.95	0	1,841.43	0
CENTRAL	033507	CE-Finance	Corporate Finance	Financial Analyst II (FP&A - MO)	0.00	37.73	0	27.95	0	1,841.43	0
CENTRAL	033507	CE-Finance	Corporate Finance	Financial Analyst II (Rates)	3.00	37.73	208,432	27.95	154,404	1,841.43	362,836
CENTRAL	033507	CE-Finance	Corporate Finance	Financial Analyst III (FP&A - Contract/Disclosures)	1.00	44.68	82,275	31.96	58,852	1,841.43	141,127
CENTRAL	033507	CE-Finance	Corporate Finance	Intmd Financial Analyst	0.00	36.50	0	27.25	0	1,841.43	0
CENTRAL	033507	CE-Finance	Corporate Finance	Mgr Compliance	0.00	58.48	0	39.92	0	1,841.43	0
CENTRAL	033507	CE-Finance	Corporate Finance	Mgr Financial Perf Plng & Rptg	1.00	76.26	140,428	50.18	92,403	1,841.43	232,831
CENTRAL	033507	CE-Finance	Corporate Finance	Mgr Project Finance (BD)	0.00	64.53	0	43.41	0	1,841.43	0
CENTRAL	033507	CE-Finance	Corporate Finance	Mgr Rates & Regulations	1.00	84.51	155,619	54.95	101,187	1,841.43	256,806
CENTRAL	033507	CE-Finance	Corporate Finance	Regional Dir Finance	1.00	128.50	236,624	80.31	147,885	1,841.43	384,509
CENTRAL	033507	CE-Finance	Corporate Finance	Sr Analyst Financial	2.00	50.17	184,769	35.13	129,379	1,841.43	314,148
CENTRAL	**033507 Total**		Corporate Finance		12.00						2,127,535
CENTRAL	033510	CE-Supply Chain	Operations Services	Analyst Procurement Business	0.00	30.96	0	24.42	0	1,841.43	0
CENTRAL	033510	CE-Supply Chain	Operations Services	Mgr Procurement	1.00	63.43	116,802	42.64	78,519	1,841.43	195,321
CENTRAL	**033510 Total**		Operations Services		1.00						195,321
CENTRAL	033511	CE-Environmental Mgmt	Operations Services	Dir Water Quality (Large)	0.00	63.17	0	43.22	0	1,841.43	0
CENTRAL	033511	CE-Environmental Mgmt	Operations Services	Director of Water Quality Missouri	0.00	75.81	0	50.65	0	1,841.43	0
CENTRAL	**033511 Total**		Operations Services		0.00						0
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Admin Asst (N)	0.00	20.77	0	23.11	0	1,841.43	0
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Capital Program Administrator Missouri	0.50	43.94	40,456	36.60	33,698	1,841.43	74,154
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Dir Engineering	0.00	63.40	0	47.94	0	1,841.43	0
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Director of Engineering Missouri	0.00	76.86	0	55.79	0	1,841.43	0
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Drafter CAD (N)	1.00	28.12	51,781	27.38	50,418	1,841.43	102,199
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Engineer	1.00	44.68	82,275	37.03	68,188	1,841.43	150,463
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Engineering Tech (N)	0.50	44.68	41,138	37.03	34,094	1,841.43	75,232
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Illinois Director Engineering	1.00	81.16	149,451	58.28	107,319	1,841.43	256,770
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Manager of Engineering Missouri	0.00	53.64	0	42.25	0	1,841.43	0
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Mgr Engineering	1.00	67.08	123,523	50.09	92,237	1,841.43	215,760
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	Project Engineer	0.00	50.05	0	40.17	0	1,841.43	0
CENTRAL	033514	CE-Engineering	Div Ops Support & Reg Ops	SR Engineer Missouri	0.00	52.45	0	41.56	0	1,841.43	0
CENTRAL	**033514 Total**		Div Ops Support & Reg Ops		5.00						874,578
CENTRAL	033515	CE-Legal	Legal	Administrator Contracts (N)	0.00	29.06	0	25.25	0	1,841.43	0
CENTRAL	033515	CE-Legal	Legal	Corp Counsel III	0.00	87.61	0	57.69	0	1,841.43	0
CENTRAL	033515	CE-Legal	Legal	Corp Counsel III Regional	2.00	78.43	288,647	52.60	193,719	1,841.43	482,566
CENTRAL	033515	CE-Legal	Legal	Exec Asst	0.00	31.31	0	26.49	0	1,841.43	0
CENTRAL	033515	CE-Legal	Legal	Legal Sec	1.00	29.20	53,770	25.33	46,643	1,841.43	100,413
CENTRAL	033515	CE-Legal	Legal	Legal Secy (N)	0.00	28.06	0	24.70	0	1,841.43	0
CENTRAL	033515	CE-Legal	Legal	Mgr Territorial Real Estate	0.00	52.39	0	38.17	0	1,841.43	0
CENTRAL	033515	CE-Legal	Legal	Paralegal	1.00	36.80	67,765	29.53	54,377	1,841.43	122,142
CENTRAL	033515	CE-Legal	Legal	Regional General Counsel	1.00	130.26	239,865	81.32	149,745	1,841.43	389,610
CENTRAL	**033515 Total**		Legal		5.00						1,094,731
CENTRAL	033516	CE-Maintenance	Operations Services	Dir Maintenance	1.00	60.10	110,670	42.91	79,016	1,841.43	189,686
CENTRAL	033516	CE-Maintenance	Operations Services	Mgr Maint Reliability	0.00	56.18	0	40.69	0	1,841.43	0
CENTRAL	033516	CE-Maintenance	Operations Services	Mgr SCADA	0.50	48.31	44,480	36.26	33,385	1,841.43	77,865
CENTRAL	033516	CE-Maintenance	Operations Services	NRW Manager	0.50	45.94	42,298	34.92	32,151	1,841.43	74,449
CENTRAL	033516	CE-Maintenance	Operations Services	Sr Administrator CMMS	0.00	54.76	0	39.90	0	1,841.43	0
CENTRAL	033516	CE-Maintenance	Operations Services	Sr Engineer Tech	0.00	33.20	0	27.76	0	1,841.43	0
CENTRAL	033516	CE-Maintenance	Operations Services	Supvr Maint Service	2.00	30.51	112,364	26.23	96,601	1,841.43	208,965
CENTRAL	033516	CE-Maintenance	Operations Services	Supvr SCADA	1.00	38.78	71,411	30.90	56,900	1,841.43	128,311
CENTRAL	**033516 Total**		Operations Services		5.00						679,276
CENTRAL	033518	CE-Human Resources	Human Resources	Admin Asst (N)	0.50	21.28	19,593	27.17	25,016	1,841.43	44,609
CENTRAL	033518	CE-Human Resources	Human Resources	HR Generalist	2.00	31.42	115,716	35.17	129,526	1,841.43	245,242
CENTRAL	033518	CE-Human Resources	Human Resources	Mgr Human Resources	1.00	55.91	102,954	54.48	100,321	1,841.43	203,275
CENTRAL	033518	CE-Human Resources	Human Resources	Mgr Training & Development	0.00	56.79	0	55.17	0	1,841.43	0
CENTRAL	033518	CE-Human Resources	Human Resources	Regional Dir HR	1.00	104.26	191,988	92.59	170,498	1,841.43	362,486
CENTRAL	033518	CE-Human Resources	Human Resources	Specialist Human Resources	0.00	27.18	0	31.83	0	1,841.43	0
CENTRAL	033518	CE-Human Resources	Human Resources	Sr HR Generalist	0.00	32.12	0	35.73	0	1,841.43	0
CENTRAL	033518	CE-Human Resources	Human Resources	Trainer HR	0.50	35.04	32,262	38.03	35,015	1,841.43	67,277
CENTRAL	**033518 Total**		Human Resources		5.00						922,889
CENTRAL	033519	CE-Operational Risk	Operations Services	Admin Asst (N)	0.50	22.46	20,679	22.81	21,002	1,841.43	41,681
CENTRAL	033519	CE-Operational Risk	Operations Services	Clerk Opns (N)	0.00	21.43	0	22.20	0	1,841.43	0
CENTRAL	033519	CE-Operational Risk	Operations Services	Dir Operational Risk Mgmt	1.00	72.60	133,688	52.52	96,712	1,841.43	230,400
CENTRAL	033519	CE-Operational Risk	Operations Services	Mgr Loss Control	1.00	44.62	82,165	35.94	66,181	1,841.43	148,346
CENTRAL	033519	CE-Operational Risk	Operations Services	Specialist Training	0.50	29.34	27,014	26.89	24,758	1,841.43	51,772
CENTRAL	**033519 Total**		Operations Services		3.00						472,199
CENTRAL	033520	CE-Business Development	Other	Administrative Assistant / Researcher	0.25	39.77	18,308	27.96	12,872	1,841.43	31,180
CENTRAL	033520	CE-Business Development	Other	Dir Business Development	1.00	116.81	215,098	71.87	132,344	1,841.43	347,442
CENTRAL	033520	CE-Business Development	Other	Market Development Specialist	0.25	44.68	20,569	30.75	14,156	1,841.43	34,725

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CENTRAL	033520	CE-Business Development	Other	Mgr Business Dev	0.50	52.60	49,430	35.25	33,455	1,841.43	80,885
CENTRAL	033520	CE-Business Development	Other	Sr Mgr Business Dev	1.00	73.39	135,143	47.12	86,768	1,841.43	221,911
CENTRAL	033520 Total		Other		3.00						716,143
CENTRAL	033525	CE-External Affairs	Communications and External Affairs	Dir External Affairs - Area 3	1.00	78.85	145,197	66.11	121,737	1,841.43	266,934
CENTRAL	033525	CE-External Affairs	Communications and External Affairs	Dir Govt Affairs (IN, OH)	1.00	61.27	112,825	55.63	102,439	1,841.43	215,264
CENTRAL	033525	CE-External Affairs	Communications and External Affairs	Mgr Communications	0.00	47.67	0	47.52	0	1,841.43	0
CENTRAL	033525	CE-External Affairs	Communications and External Affairs	Mgr Customer Communications - Area 3	1.00	52.60	96,859	50.46	92,919	1,841.43	189,776
CENTRAL	033525	CE-External Affairs	Communications and External Affairs	Mgr Ext Affairs (IN, MI, OH)	0.00	51.40	0	49.74	0	1,841.43	0
CENTRAL	033525	CE-External Affairs	Communications and External Affairs	Mgr Internal Communications - Area 3	1.00	51.54	94,907	49.84	91,777	1,841.43	186,684
CENTRAL	033525 Total		Communications and External Affairs		4.00						858,660
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Client Relations - West	0.00	41.66	0	31.03	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Lead Specialist Support ITS	0.00	43.52	0	32.09	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Mgr Regional Client Rel ITS	0.00	51.98	0	36.87	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Specialist Computer Support	0.00	28.60	0	23.61	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Specialist Support ITS	0.00	30.06	0	24.44	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Specialist Support ITS IL	0.00	32.12	0	25.62	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Specialist Support ITS Missouri	0.00	32.12	0	25.62	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Sr Spec Computer Support ITS	0.00	40.13	0	30.15	0	1,841.43	0
CENTRAL	033531	CE-Western CS & S	Div Ops Support & Reg Ops	Team Lead IT Regional Support	0.00	53.92	0	37.98	0	1,841.43	0
CENTRAL	033531 Total		Div Ops Support & Reg Ops		0.00						0
CORP	032002	CORP-HR Comp/Benefits	Human Resources	Analyst Compesation	0.00	32.12	0	38.18	0	1,841.43	0
CORP	032002	CORP-HR Comp/Benefits	Human Resources	Dir Comp & Benefits	0.00	111.00	0	85.56	0	1,841.43	0
CORP	032002	CORP-HR Comp/Benefits	Human Resources	Exec Asst	0.00	29.79	0	36.77	0	1,841.43	0
CORP	032002	CORP-HR Comp/Benefits	Human Resources	Health & Welfare Manager	0.00	67.17	0	59.22	0	1,841.43	0
CORP	032002	CORP-HR Comp/Benefits	Human Resources	Mgr Compensation	0.00	68.90	0	60.27	0	1,841.43	0
CORP	032002	CORP-HR Comp/Benefits	Human Resources	Sr Analyst Compensation	1.00	42.98	79,145	44.70	82,312	1,841.43	161,457
CORP	032002 Total		Human Resources		1.00						161,457
CORP	032003	CORP-HR Talent Development	Human Resources	Dir Organization & Talent Dev	0.00	93.45	0	132.06	0	1,841.43	0
CORP	032003	CORP-HR Talent Development	Human Resources	HR Project Asst	0.00	32.17	0	60.71	0	1,841.43	0
CORP	032003 Total		Human Resources		0.00						0
CORP	032004	CORP-HR Labor Relations	Human Resources	Admin Asst (N)	0.00	22.61	0	38.01	0	1,841.43	0
CORP	032004	CORP-HR Labor Relations	Human Resources	Dir Labor & Employee Relations	1.00	105.34	193,976	90.64	166,907	1,841.43	360,883
CORP	032004 Total		Human Resources		1.00						360,883
CORP	032006	CORP-Business Center HR	Human Resources	Admin Asst (N)	0.00	28.04	0	37.05	0	1,841.43	0
CORP	032006	CORP-Business Center HR	Human Resources	Director Talent Management	0.00	93.45	0	76.04	0	1,841.43	0
CORP	032006	CORP-Business Center HR	Human Resources	HR Generalist	0.00	32.94	0	39.97	0	1,841.43	0
CORP	032006	CORP-Business Center HR	Human Resources	HR Manager	0.00	56.41	0	55.15	0	1,841.43	0
CORP	032006	CORP-Business Center HR	Human Resources	Mgr Human Resources	0.00	72.89	0	63.79	0	1,841.43	0
CORP	032006	CORP-Business Center HR	Human Resources	Specialist Human Resources	0.00	30.08	0	38.27	0	1,841.43	0
CORP	032006	CORP-Business Center HR	Human Resources	Sr HR Generalist	0.00	45.56	0	47.50	0	1,841.43	0
CORP	032006 Total		Human Resources		0.00						0
CORP	032007	CORP-Finance	Corporate Finance	Dir Corp Accounting	0.00	90.83	0	69.22	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	Exec Asst	0.00	27.33	0	32.56	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	Intmd Financial Analyst	0.00	33.25	0	35.97	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	Mgr Accounting Standards	0.00	56.76	0	49.55	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	Mgr Corp Consolidated Fin Rptg	0.00	77.83	0	61.71	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	Sr Accountant	0.00	36.57	0	39.05	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	Sr Analyst Financial	0.00	49.06	0	45.10	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	VP & Controller	0.00	136.09	0	95.35	0	1,841.43	0
CORP	032007	CORP-Finance	Corporate Finance	VP Finance & Accounting	0.00	133.17	0	93.66	0	1,841.43	0
CORP	032007 Total		Corporate Finance		0.00						0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Admin Asst (N)	0.00	23.18	0	27.20	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Analyst Procurement (N)	0.00	23.17	0	27.20	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Analyst Procurement Business	0.00	30.84	0	31.62	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Analyst Supply Chain Bus Perf	0.00	31.48	0	32.00	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Coord Procurement Change	0.00	41.70	0	37.90	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Coord Procurement Contract	0.00	44.04	0	39.24	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Dir Supply Chain	0.00	87.45	0	64.32	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Mgr Energy Supply Chain	0.00	54.08	0	45.05	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Mgr Fleet Supply Chain	0.00	57.12	0	46.80	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Mgr Procurement Category	0.00	61.47	0	49.32	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Mgr Supply Chain Performance	0.00	53.03	0	44.44	0	1,841.43	0
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Sr Strategic Buyer	1.00	43.71	80,489	39.05	71,908	1,841.43	152,397
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Strategic Buyer	2.00	41.03	151,108	37.51	138,144	1,841.43	289,252
CORP	032010	CORP-Supply Chain-Sourcing	Operations Services	Team Lead Supply Chain Procure	0.00	37.73	0	35.60	0	1,841.43	0
CORP	032010 Total		Operations Services		3.00						441,649
CORP	032011	CORP-Chief Operating Officer	Operations Services	Chief Operating Officer	0.00	249.40	0	412.20	0	1,841.43	0
CORP	032011	CORP-Chief Operating Officer	Operations Services	Exec Asst to EMT	0.00	32.88	0	67.27	0	1,841.43	0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
CORP	032011	CORP-Chief Operating Officer	Operations Services	VP Operations Services	0.00	125.57	0	214.94	0	1,841.43	0
CORP	032011 Total		Operations Services		0.00						0
CORP	032013	CORP-HR Systems & Processes	Human Resources	Dir HR Systems & Processes	0.00	90.03	0	110.43	0	1,841.43	0
CORP	032013	CORP-HR Systems & Processes	Human Resources	Sr HR Generalist	0.00	40.05	0	80.86	0	1,841.43	0
CORP	032013 Total		Human Resources		0.00						0
CORP	032014	CORP-Benefits Service Center	Human Resources	Admin Asst (N)	0.00	24.62	0	30.42	0	1,841.43	0
CORP	032014	CORP-Benefits Service Center	Human Resources	Benefits Administrator	0.00	36.17	0	37.43	0	1,841.43	0
CORP	032014	CORP-Benefits Service Center	Human Resources	Mgr Benefits	0.00	62.74	0	53.55	0	1,841.43	0
CORP	032014	CORP-Benefits Service Center	Human Resources	Sr Specialist Benefits (N)	1.00	26.97	49,663	31.85	58,650	1,841.43	108,313
CORP	032014	CORP-Benefits Service Center	Human Resources	Supvr Benefits Service Center	0.00	49.06	0	45.25	0	1,841.43	0
CORP	032014	CORP-Benefits Service Center	Human Resources	Team Lead Benefits	0.00	39.94	0	39.71	0	1,841.43	0
CORP	032014	CORP-Benefits Service Center	Human Resources	Team Lead Reporting & Analysis	1.00	41.38	76,198	40.59	74,744	1,841.43	150,942
CORP	032014 Total		Human Resources		2.00						259,255
CORP	032015	CORP-Legal	Legal	Admin Asst (N)	0.00	29.06	0	55.23	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	Assoc Paralegal (N)	0.00	33.91	0	60.23	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	Corp Counsel III	0.00	88.25	0	114.19	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	Corporate Legal Assistant	0.00	48.63	0	67.16	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	Counsel (SEC)	0.50	87.72	80,785	115.70	106,527	1,841.43	187,292
CORP	032015	CORP-Legal	Legal	Employment & Labor Law Counsel	0.50	98.53	90,718	126.84	116,784	1,841.43	207,502
CORP	032015	CORP-Legal	Legal	Exec Asst to EMT	0.00	30.02	0	56.23	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	Paralegal added Q1RF 2008	0.00	40.88	0	67.43	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	Paralegal Securities (N)	0.00	39.42	0	65.92	0	1,841.43	0
CORP	032015	CORP-Legal	Legal	SVP General Counsel & Secty	0.00	181.06	0	211.91	0	1,841.43	0
CORP	032015 Total		Legal		1.00						394,794
CORP	032016	CORP-Maintenance	Operations Services	Sr Dir Maintnc & SCADA Svcs	0.00	61.77	0	71.13	0	1,841.43	0
CORP	032016 Total		Operations Services		0.00						0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Analyst Project	0.00	39.83	0	51.57	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Dir Business Performance Rptg	0.00	89.24	0	96.07	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Intmd Financial Analyst	0.00	36.80	0	48.86	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Mgr Business Planning	0.00	63.25	0	72.66	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Mgr Financial Modeling & Evals	1.00	76.74	141,311	84.82	156,190	1,841.43	297,501
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Mgr Financial Perf Plng & Rptg	0.00	70.73	0	79.40	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Sr Analyst Financial	0.00	48.68	0	59.55	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	Team Lead GA	0.00	44.77	0	56.03	0	1,841.43	0
CORP	032017	CORP-Planning & Reporting	Corporate Finance	VP Planning & Reporting	0.00	122.61	0	126.11	0	1,841.43	0
CORP	032017 Total		Corporate Finance		1.00						297,501
CORP	032018	CORP-Human Resources	Human Resources	Exec Asst to EMT	0.00	39.79	0	128.40	0	1,841.43	0
CORP	032018	CORP-Human Resources	Human Resources	SVP Human Resources	0.00	137.26	0	318.25	0	1,841.43	0
CORP	032018 Total		Human Resources		0.00						0
CORP	032019	CORP-Operational Risk	Operations Services	Assistant Oprtnl Risk Mgt (N)	0.00	27.58	0	33.49	0	1,841.43	0
CORP	032019	CORP-Operational Risk	Operations Services	Mgr Physical Security	0.00	54.48	0	49.73	0	1,841.43	0
CORP	032019	CORP-Operational Risk	Operations Services	Mgr Security	1.00	43.13	79,421	42.87	78,942	1,841.43	158,363
CORP	032019	CORP-Operational Risk	Operations Services	Specialist Sec Syst Supp (N)	0.00	26.27	0	33.90	0	1,841.43	0
CORP	032019	CORP-Operational Risk	Operations Services	Specialist Security	0.00	29.20	0	34.47	0	1,841.43	0
CORP	032019	CORP-Operational Risk	Operations Services	Sr Dir Operational Risk Mgt	0.00	94.43	0	73.84	0	1,841.43	0
CORP	032019 Total		Operations Services		1.00						158,363
CORP	032020	CORP-Corporate Bus Development	Other	Dir Business Dev	0.00	102.58	0	111.00	0	1,841.43	0
CORP	032020	CORP-Corporate Bus Development	Other	Exec Asst to EMT	0.00	36.00	0	55.34	0	1,841.43	0
CORP	032020	CORP-Corporate Bus Development	Other	Mgr Corp Development	0.00	54.46	0	70.76	0	1,841.43	0
CORP	032020	CORP-Corporate Bus Development	Other	Proposal Manager	1.00	57.87	106,564	73.61	135,548	1,841.43	242,112
CORP	032020	CORP-Corporate Bus Development	Other	Sr Mgr Corprorate Dev	0.00	72.61	0	85.94	0	1,841.43	0
CORP	032020	CORP-Corporate Bus Development	Other	Sr. VP Sales & Business Dev	0.00	182.23	0	177.56	0	1,841.43	0
CORP	032020 Total		Other		1.00						242,112
CORP	032022	CORP-Government Affairs	Communications and External Affairs	Dir Govt Affairs (Corp)	0.00	87.61	0	71.70	0	1,841.43	0
CORP	032022	CORP-Government Affairs	Communications and External Affairs	Govt Affairs Mgr(Corp)	0.00	46.73	0	47.61	0	1,841.43	0
CORP	032022 Total		Communications and External Affairs		0.00						0
CORP	032023	CORP-Eastern Division Ops	Operations Services	Exec Asst to EMT	0.00	36.90	0	94.06	0	1,841.43	0
CORP	032023	CORP-Eastern Division Ops	Operations Services	Exec VP Eastern Division	0.00	175.22	0	304.55	0	1,841.43	0
CORP	032023 Total		Operations Services		0.00						0
CORP	032024	WD - Western Division Ops	Operations Services	Exec Asst	0.00	36.90	0	94.83	0	1,841.43	0
CORP	032024	WD - Western Division Ops	Operations Services	Executive VP Western Division	0.00	175.22	0	393.52	0	1,841.43	0
CORP	032024 Total		Operations Services		0.00						0
CORP	032025	CORP-External Affairs	Communications and External Affairs	Exec Asst to EMT (Corp)	0.00	38.19	0	80.62	0	1,841.43	0
CORP	032025	CORP-External Affairs	Communications and External Affairs	SVP External Affairs (Corp)	0.00	190.99	0	288.22	0	1,841.43	0
CORP	032025 Total		Communications and External Affairs		0.00						0
CORP	032026	CORP-Regulated Operations	Operations Services	Exec Asst to EMT	0.00	36.90	0	54.92	0	1,841.43	0
CORP	032026	CORP-Regulated Operations	Operations Services	Finance Position	0.00	116.81	0	108.84	0	1,841.43	0
CORP	032026	CORP-Regulated Operations	Operations Services	President - Regulated Operations	0.00	214.35	0	174.65	0	1,841.43	0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
CORP	032026 Total		Operations Services		0.00						0
CORP	032027	CORP-Reporting & Compliance	Corporate Finance	Dir Internal Controls	0.00	89.11	0	72.48	0	1,841.43	0
CORP	032027	CORP-Reporting & Compliance	Corporate Finance	Intermediate Analyst Intrnl	0.00	32.12	0	39.26	0	1,841.43	0
CORP	032027	CORP-Reporting & Compliance	Corporate Finance	Mgr Internal Control IT	0.00	63.05	0	57.29	0	1,841.43	0
CORP	032027	CORP-Reporting & Compliance	Corporate Finance	Sr Analyst Intrnl	0.00	55.49	0	52.87	0	1,841.43	0
CORP	032027	CORP-Reporting & Compliance	Corporate Finance	Sr Analyst Intrnl Cntl-Fin Rpt	0.00	50.86	0	50.18	0	1,841.43	0
CORP	032027 Total		Corporate Finance		0.00						0
CORP	032037	CORP-Investor Relations	Other	Exec Asst	0.00	31.60	0	54.13	0	1,841.43	0
CORP	032037	CORP-Investor Relations	Other	Invst Relations Manager	0.00	55.49	0	68.74	0	1,841.43	0
CORP	032037	CORP-Investor Relations	Other	VP Investor Relations	0.00	121.42	0	109.10	0	1,841.43	0
CORP	032037 Total		Other		0.00						0
CORP	032047	CORP-Income Tax	Corporate Finance	Assist Tax Mng-Financial Reporting	0.00	60.16	0	51.68	0	1,841.43	0
CORP	032047	CORP-Income Tax	Corporate Finance	Dir Tax	1.00	102.05	187,918	76.32	140,538	1,841.43	328,456
CORP	032047	CORP-Income Tax	Corporate Finance	Intermediate Accountant Tax	0.00	26.79	0	32.07	0	1,841.43	0
CORP	032047	CORP-Income Tax	Corporate Finance	Intmd Accountant Tax	1.00	36.24	66,733	37.81	69,256	1,841.43	135,989
CORP	032047	CORP-Income Tax	Corporate Finance	Spec Income Tax	0.00	26.87	0	32.12	0	1,841.43	0
CORP	032047	CORP-Income Tax	Corporate Finance	Sr Accountant Tax	0.00	48.66	0	44.93	0	1,841.43	0
CORP	032047	CORP-Income Tax	Corporate Finance	Team Lead Tax Compliance	0.00	66.82	0	55.60	0	1,841.43	0
CORP	032047	CORP-Income Tax	Corporate Finance	Team Lead Tax Res & Spec Proj	0.00	69.39	0	57.11	0	1,841.43	0
CORP	032047 Total		Corporate Finance		2.00						464,445
CORP	032057	CORP-Treasury	Corporate Finance	Analyst Cash Management	0.00	26.42	0	31.28	0	1,841.43	0
CORP	032057	CORP-Treasury	Corporate Finance	Asst Treasurer	0.00	102.21	0	75.33	0	1,841.43	0
CORP	032057	CORP-Treasury	Corporate Finance	Dir Insurance & Risk Mgt	0.00	74.42	0	59.18	0	1,841.43	0
CORP	032057	CORP-Treasury	Corporate Finance	Mgr Cash - Corp Treas	1.00	46.53	85,682	42.97	79,126	1,841.43	164,808
CORP	032057	CORP-Treasury	Corporate Finance	Mgr Financial Eval & Analysis	0.00	48.26	0	43.98	0	1,841.43	0
CORP	032057	CORP-Treasury	Corporate Finance	Senior Insurance Analyst	0.00	49.65	0	44.77	0	1,841.43	0
CORP	032057	CORP-Treasury	Corporate Finance	Sr Analyst Cash Management	1.00	36.78	67,728	37.31	68,704	1,841.43	136,432
CORP	032057	CORP-Treasury	Corporate Finance	Sr Analyst Treasury	0.00	54.94	0	47.85	0	1,841.43	0
CORP	032057	CORP-Treasury	Corporate Finance	VP & Treasurer	0.00	125.43	0	88.82	0	1,841.43	0
CORP	032057 Total		Corporate Finance		2.00						301,240
CORP	032060	CORP-Audit	Other	Exec Asst	0.00	33.90	0	39.63	0	1,841.43	0
CORP	032060	CORP-Audit	Other	Internal Auditor IT	0.00	39.39	0	43.13	0	1,841.43	0
CORP	032060	CORP-Audit	Other	Mgr Internal Audit	0.00	66.63	0	61.80	0	1,841.43	0
CORP	032060	CORP-Audit	Other	Sr Auditor	1.00	52.57	96,804	51.54	94,907	1,841.43	191,711
CORP	032060	CORP-Audit	Other	Sr Internal Auditor	0.00	51.34	0	50.76	0	1,841.43	0
CORP	032060	CORP-Audit	Other	Sr Internal Auditor IT	0.00	49.38	0	49.51	0	1,841.43	0
CORP	032060	CORP-Audit	Other	VP Internal Audit	0.00	122.02	0	95.91	0	1,841.43	0
CORP	032060 Total		Other		1.00						191,711
CORP	032062	CORP-Building Services	Operations Services	Mail Room Clerk (N)	0.00	16.27	0	60.03	0	1,841.43	0
CORP	032062	CORP-Building Services	Operations Services	Mgr Facilities	0.00	52.05	0	81.88	0	1,841.43	0
CORP	032062	CORP-Building Services	Operations Services	Receptionist (N)	0.00	20.17	0	61.27	0	1,841.43	0
CORP	032062 Total		Operations Services		0.00						0
CORP	032064	CORP-Operational Performance	Operations Services	Admin Asst (BOP)(N)	0.00	25.84	0	33.65	0	1,841.43	0
CORP	032064	CORP-Operational Performance	Operations Services	Dir Process & Systems Mgmt	0.00	93.55	0	72.88	0	1,841.43	0
CORP	032064	CORP-Operational Performance	Operations Services	Mgr O&M	0.00	63.62	0	55.54	0	1,841.43	0
CORP	032064 Total		Operations Services		0.00						0
CORP	032065	CORP-Asset Management	Operations Services	Administrator Capital Program	0.00	34.26	0	39.39	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Capital Program Administrator	1.00	32.12	59,147	38.12	70,195	1,841.43	129,342
CORP	032065	CORP-Asset Management	Operations Services	Co-op	0.00	20.44	0	31.15	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Dir Engineering - Capital	0.00	95.79	0	76.12	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Engineer	0.00	34.46	0	39.52	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Engineer (entry level)	0.00	29.79	0	36.72	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Mgr Eng-Enterprise Capital Prg	0.00	61.56	0	55.69	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Mgr Engineering	0.00	70.67	0	61.13	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Planning Engineer	1.00	45.70	84,153	46.23	85,129	1,841.43	169,282
CORP	032065	CORP-Asset Management	Operations Services	Project Mgr - Cap Prog Spec Proj	0.00	43.81	0	45.09	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Project Mgr - Cap Program	1.00	40.88	75,278	43.36	79,844	1,841.43	155,122
CORP	032065	CORP-Asset Management	Operations Services	Sr Eng Tech (GIS)	0.00	37.96	0	41.61	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Sr Eng Tech (Modeling)	0.00	37.96	0	41.61	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Sr Planning Engineer	0.00	49.41	0	48.44	0	1,841.43	0
CORP	032065	CORP-Asset Management	Operations Services	Sr Planning Engineer (GIS)	0.00	55.49	0	52.06	0	1,841.43	0
CORP	032065 Total		Operations Services		3.00						453,746
CORP	032066	CORP-Research & Env Excellence	Operations Services	Analyst Research	0.00	29.48	0	10.47	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Dir Res & Environ Excellence	0.00	93.24	0	47.65	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Engr Environmental	3.00	45.42	250,913	19.77	109,215	1,841.43	360,128
CORP	032066	CORP-Research & Env Excellence	Operations Services	Environ Auditor/Scientist	0.00	42.95	0	18.32	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Intern	0.00	15.79	0	2.48	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Mgr Environ Compliance/Stwdshp	0.00	57.58	0	26.85	0	1,841.43	0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
CORP	032066	CORP-Research & Env Excellence	Operations Services	Specialist Opns	0.00	30.13	0	10.84	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Sr Analyst Research	0.00	38.35	0	15.63	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Sr Engr Environmental	1.00	61.78	113,764	29.29	53,936	1,841.43	167,700
CORP	032066	CORP-Research & Env Excellence	Operations Services	Sr Engr Infrastructure	0.00	62.32	0	29.61	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Sr Scientist Environmental	0.00	53.64	0	24.55	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Techl Mgr Commercial WW Proj	0.00	71.42	0	34.92	0	1,841.43	0
CORP	032066	CORP-Research & Env Excellence	Operations Services	Water Quality Specialist	0.00	24.30	0	7.44	0	1,841.43	0
CORP	**032066 Total**		Operations Services		4.00						527,828
CORP	032068	CORP-Marketing & Sales	Other	Brand Manager (Corp)	0.00	51.27	0	89.89	0	1,841.43	0
CORP	032068	CORP-Marketing & Sales	Other	Dir Marketing (Corp)	0.00	83.23	0	109.99	0	1,841.43	0
CORP	032068	CORP-Marketing & Sales	Other	Marketing Assistant	0.00	20.44	0	70.50	0	1,841.43	0
CORP	032068	CORP-Marketing & Sales	Other	Mgr Advertising (Corp)	0.00	53.09	0	91.03	0	1,841.43	0
CORP	032068	CORP-Marketing & Sales	Other	Mgr CSC Communications (CSC)	0.00	46.73	0	87.02	0	1,841.43	0
CORP	032068	CORP-Marketing & Sales	Other	Specialist Corp Comm (Corp)	0.00	36.80	0	80.78	0	1,841.43	0
CORP	**032068 Total**		Other		0.00						0
CORP	032069	CORP-Regulatory UFS	Corporate Finance	Project Analyst	0.00	26.28	0	136.85	0	1,841.43	0
CORP	032069	CORP-Regulatory UFS	Corporate Finance	VP Regulatory Programs	0.00	106.05	0	187.66	0	1,841.43	0
CORP	**032069 Total**		Corporate Finance		0.00						0
CORP	032085	CORP-External Communications	Communications and External Affairs	Coordinator Corp Comm (Corp)	0.00	28.30	0	84.74	0	1,841.43	0
CORP	032085	CORP-External Communications	Communications and External Affairs	Dir External Comm	0.00	77.10	0	116.05	0	1,841.43	0
CORP	032085	CORP-External Communications	Communications and External Affairs	Intern (Corp)	0.00	12.15	0	74.38	0	1,841.43	0
CORP	032085	CORP-External Communications	Communications and External Affairs	Mgr Corporate Affairs (Corp)	0.00	44.04	0	94.84	0	1,841.43	0
CORP	**032085 Total**		Communications and External Affairs		0.00						0
CORP	032086	CORP-Internal Communications	Communications and External Affairs	Dir Internal Comms	0.00	70.99	0	66.01	0	1,841.43	0
CORP	032086	CORP-Internal Communications	Communications and External Affairs	Mgr Internal Comm (Corp)	0.00	39.96	0	45.47	0	1,841.43	0
CORP	**032086 Total**		Communications and External Affairs		0.00						0
CORP	032087	CORP-Corp Social Resp	Communications and External Affairs	Director Corporate Responsibility	0.00	59.93	0	183.10	0	1,841.43	0
CORP	032087	CORP-Corp Social Resp	Communications and External Affairs	Manager Corporate Responsibility	0.00	39.69	0	158.41	0	1,841.43	0
CORP	**032087 Total**		Communications and External Affairs		0.00						0
CORP	036550	CORP-COE-Engineering	Operations Services	Construction Engineer	0.00	44.83	0	47.24	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Construction/Project Engineer	0.00	35.04	0	41.05	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Dir Engineering - Construction	0.00	75.14	0	66.45	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Specialist Engrg	0.00	28.91	0	37.16	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Sr Construction Engineer	0.00	56.90	0	54.88	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Sr Construction Insp (PA/NJ)	0.00	44.04	0	46.74	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Sr. Construction Inspector	0.00	35.04	0	41.05	0	1,841.43	0
CORP	036550	CORP-COE-Engineering	Operations Services	Sr. Cost Engineer	0.00	51.40	0	51.40	0	1,841.43	0
CORP	**036550 Total**		Operations Services		0.00						0
CORP	036551	CORP-COE-Technical Services	Operations Services	Design Engineer	0.00	44.93	0	43.24	0	1,841.43	0
CORP	036551	CORP-COE-Technical Services	Operations Services	Dir Engineering - Tech Svcs	0.00	73.15	0	59.60	0	1,841.43	0
CORP	036551	CORP-COE-Technical Services	Operations Services	Engineer	0.00	35.04	0	37.50	0	1,841.43	0
CORP	036551	CORP-COE-Technical Services	Operations Services	Engineering Practice Lead	0.00	61.33	0	52.75	0	1,841.43	0
CORP	036551	CORP-COE-Technical Services	Operations Services	Project Engineer	0.00	43.51	0	42.42	0	1,841.43	0
CORP	036551	CORP-COE-Technical Services	Operations Services	Sr Design Engineer	0.00	59.25	0	51.54	0	1,841.43	0
CORP	036551	CORP-COE-Technical Services	Operations Services	Sr Drafter CAD Design	0.00	33.88	0	36.82	0	1,841.43	0
CORP	**036551 Total**		Operations Services		0.00						0
ITS	032030	CORP-ITS Client Rel Admin	ITS	Dir Client Relations ITS	1.00	74.29	136,800	55.91	102,954	1,841.43	239,754
ITS	**032030 Total**		ITS		1.00						239,754
ITS	032031	CORP-Service Desk	ITS	CMDB Administration	0.00	16.90	0	20.34	0	1,841.43	0
ITS	032031	CORP-Service Desk	ITS	Incident Manager	0.00	11.93	0	17.04	0	1,841.43	0
ITS	032031	CORP-Service Desk	ITS	Problem Analyst	0.00	45.32	0	39.23	0	1,841.43	0
ITS	032031	CORP-Service Desk	ITS	Specialist Client Supp I (N)	0.50	25.17	23,174	25.84	23,791	1,841.43	46,965
ITS	032031	CORP-Service Desk	ITS	Specialist Client Supp II (N)	0.50	34.30	31,581	31.91	29,380	1,841.43	60,961
ITS	032031	CORP-Service Desk	ITS	Sr Supp Specialist	0.00	39.72	0	35.50	0	1,841.43	0
ITS	**032031 Total**		ITS		1.00						107,926
ITS	032032	CORP-ITS Bus Development	ITS	Analyst Business ITS	0.00	35.63	0	31.11	0	1,841.43	0
ITS	032032	CORP-ITS Bus Development	ITS	Spec Business Appl Support ITS	0.00	38.03	0	32.60	0	1,841.43	0
ITS	032032	CORP-ITS Bus Development	ITS	Sr Developer ITS	0.00	51.51	0	40.97	0	1,841.43	0
ITS	**032032 Total**		ITS		0.00						0
ITS	032033	Chg Ctrl & Desktop Automation	ITS	Chg Mgmt Specialist	0.00	45.56	0	37.47	0	1,841.43	0
ITS	032033	Chg Ctrl & Desktop Automation	ITS	Lead Specialist Support ITS	0.00	52.24	0	41.48	0	1,841.43	0
ITS	032033	Chg Ctrl & Desktop Automation	ITS	Mgr Service ITS	0.00	73.01	0	53.90	0	1,841.43	0
ITS	**032033 Total**		ITS		0.00	54.09	0	42.58	0	1,841.43	0
ITS	032034	CORP-ITS Appl Adm & Security	ITS	Active Directory	0.00	39.60	0	33.46	0	1,841.43	0
ITS	032034	CORP-ITS Appl Adm & Security	ITS	Mgr Appl Admin & Security ITS	0.00	57.44	0	44.44	0	1,841.43	0
ITS	032034	CORP-ITS Appl Adm & Security	ITS	Spec Business Appl Support ITS	0.00	40.59	0	34.07	0	1,841.43	0
ITS	032034	CORP-ITS Appl Adm & Security	ITS	Specialist QA Change ITS	0.00	41.00	0	34.32	0	1,841.43	0
ITS	032034	CORP-ITS Appl Adm & Security	ITS	Team Lead Data ITS	0.00	57.44	0	44.44	0	1,841.43	0

TOTAL SERVICE COMPANY
Employee Position List
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Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
ITS	032034 Total		ITS		0.00						0
ITS	032035	CORP-ITS Security Architecture	ITS	Dir Security Programs	0.00	94.91	0	62.63	0	1,841.43	0
ITS	032035	CORP-ITS Security Architecture	ITS	Security Compliance (SOX)	1.00	14.91	27,456	16.99	31,286	1,841.43	58,742
ITS	032035 Total		ITS		1.00						58,742
ITS	032071	CORP-ITS Admin	ITS	Admin FTE	0.00	73.01	0	94.12	0	1,841.43	0
ITS	032071	CORP-ITS Admin	ITS	Exec Asst	0.00	31.57	0	60.55	0	1,841.43	0
ITS	032071	CORP-ITS Admin	ITS	Mgr Perf Measures & Govern ITS	0.00	67.11	0	89.35	0	1,841.43	0
ITS	032071	CORP-ITS Admin	ITS	VP & CIO	0.00	134.34	0	143.81	0	1,841.43	0
ITS	032071 Total		ITS		0.00						0
ITS	032072	CORP-ITS PMO	ITS	Admin Asst	0.00	25.11	0	25.13	0	1,841.43	0
ITS	032072	CORP-ITS PMO	ITS	Career Level Project Mgr ITS	0.00	54.60	0	43.04	0	1,841.43	0
ITS	032072	CORP-ITS PMO	ITS	Contracts Mgmt	0.00	81.81	0	59.57	0	1,841.43	0
ITS	032072	CORP-ITS PMO	ITS	Dir PMO ITS	0.00	78.85	0	57.77	0	1,841.43	0
ITS	032072	CORP-ITS PMO	ITS	Lead PM	1.00	60.35	111,130	46.54	85,700	1,841.43	196,830
ITS	032072	CORP-ITS PMO	ITS	Master PM	0.00	67.61	0	63.10	0	1,841.43	0
ITS	032072	CORP-ITS PMO	ITS	Sr Analyst PMO ITS	0.00	53.81	0	42.58	0	1,841.43	0
ITS	032072 Total		ITS		1.00						196,830
ITS	032073	CORP-ITS Infra/Oper Admin	ITS	Dir Infrastructure & Opns ITS	0.00	86.71	0	60.98	0	1,841.43	0
ITS	032073	CORP-ITS Infra/Oper Admin	ITS	Exec Secretary	0.00	26.00	0	25.50	0	1,841.43	0
ITS	032073 Total		ITS		0.00						0
ITS	032074	CORP-ITS Production	ITS	Computer Operator ITS (N)	0.00	19.16	0	21.87	0	1,841.43	0
ITS	032074	CORP-ITS Production	ITS	Lead Computer Operator (N)	1.00	34.17	62,922	31.96	58,852	1,841.43	121,774
ITS	032074	CORP-ITS Production	ITS	Mgr Production ITS	0.00	57.34	0	47.50	0	1,841.43	0
ITS	032074	CORP-ITS Production	ITS	Sr Computer Operator ITS (N)	1.00	25.62	47,177	26.22	48,282	1,841.43	95,459
ITS	032074 Total		ITS		2.00						217,233
ITS	032075	CORP-System Maint & Perf	ITS	Active Directory	0.00	49.65	0	78.67	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Database Administrator ITS	0.00	52.57	0	80.52	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Exchange Integration & IM	0.00	35.60	0	69.77	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Lead Specialist Support ITS	0.00	52.57	0	80.52	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Mgr Syst Maint & Perf ITS	1.00	70.09	129,066	91.64	168,749	1,841.43	297,815
ITS	032075	CORP-System Maint & Perf	ITS	Spec Business Appl Support ITS	0.00	45.38	0	75.97	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Spec Middleware Supp-Citrix	1.00	46.61	85,829	76.75	141,330	1,841.43	227,159
ITS	032075	CORP-System Maint & Perf	ITS	Spec Network Server AIX ITS	2.00	51.34	189,078	79.75	293,708	1,841.43	482,786
ITS	032075	CORP-System Maint & Perf	ITS	Specialist Middleware Supp ITS	0.00	45.56	0	76.08	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Specialist Midrange Server ITS	1.00	45.04	82,938	75.75	139,488	1,841.43	222,426
ITS	032075	CORP-System Maint & Perf	ITS	Specialist Web Groupware ITS	0.00	44.54	0	75.43	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Supp Spec Windows	1.00	46.73	86,050	76.62	141,459	1,841.43	227,509
ITS	032075	CORP-System Maint & Perf	ITS	Support I OS400	0.00	26.84	0	64.20	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Support SAN/TSM	0.00	35.58	0	69.75	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Support System p AIX	0.00	31.31	0	67.04	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Svc Delivery Analyst	0.00	46.73	0	76.82	0	1,841.43	0
ITS	032075	CORP-System Maint & Perf	ITS	Team Lead Domino Admin ITS	0.00	48.48	0	77.93	0	1,841.43	0
ITS	032075 Total		ITS		5.00						1,457,695
ITS	032076	CORP-Communications	ITS	CISCO Support ITS	0.00	40.01	0	36.93	0	1,841.43	0
ITS	032076	CORP-Communications	ITS	Lead Specialist Support ITS	0.00	53.56	0	45.35	0	1,841.43	0
ITS	032076	CORP-Communications	ITS	Mgr Telecomm ITS	0.00	58.41	0	48.35	0	1,841.43	0
ITS	032076	CORP-Communications	ITS	Spec Comm Voice/Video ITS	0.00	44.14	0	39.49	0	1,841.43	0
ITS	032076	CORP-Communications	ITS	Wan/Lan Support ITS	1.00	47.93	88,260	41.85	77,064	1,841.43	165,324
ITS	032076 Total		ITS		1.00						165,324
ITS	032077	CORP-ITS Security Operations	ITS	Dir IT Security	0.00	73.20	0	75.74	0	1,841.43	0
ITS	032077	CORP-ITS Security Operations	ITS	Mcafee Specialist	1.00	40.68	75,278	55.02	102,789	1,841.43	178,067
ITS	032077	CORP-ITS Security Operations	ITS	Princ Spec Entrprs Network Sec	0.00	48.29	0	60.38	0	1,841.43	0
ITS	032077	CORP-ITS Security Operations	ITS	Project Mgr Security	0.00	54.41	0	64.15	0	1,841.43	0
ITS	032077	CORP-ITS Security Operations	ITS	Sr Spec Network Server (Sec)	0.00	41.12	0	55.96	0	1,841.43	0
ITS	032077 Total		ITS		1.00						178,067
ITS	032078	CORP-Adm Business Solutions	ITS	Database Administrator ITS	1.00	54.27	99,934	42.32	77,929	1,841.43	177,863
ITS	032078	CORP-Adm Business Solutions	ITS	Database Architect	0.00	52.57	0	41.28	0	1,841.43	0
ITS	032078	CORP-Adm Business Solutions	ITS	Dir Core Business Systems ITS	0.00	96.37	0	67.85	0	1,841.43	0
ITS	032078	CORP-Adm Business Solutions	ITS	Mgr App Dev 1	0.00	67.17	0	50.14	0	1,841.43	0
ITS	032078	CORP-Adm Business Solutions	ITS	Mgr Business Development ITS	0.00	63.46	0	47.69	0	1,841.43	0
ITS	032078	CORP-Adm Business Solutions	ITS	Mgr Technical JDE (ITS)	0.00	67.75	0	50.49	0	1,841.43	0
ITS	032078	CORP-Adm Business Solutions	ITS	Team Lead Data ITS	0.00	55.19	0	42.88	0	1,841.43	0
ITS	032078 Total		ITS		1.00						177,863
ITS	032079	CORP-Technical Applications	ITS	Mgr App Dev 2	0.00	67.17	0	63.79	0	1,841.43	0
ITS	032079	CORP-Technical Applications	ITS	Mgr Application Dev ITS	1.00	71.23	131,165	66.26	122,013	1,841.43	253,178
ITS	032079	CORP-Technical Applications	ITS	Programmer Analyst	2.00	46.73	172,100	51.39	189,262	1,841.43	361,362
ITS	032079	CORP-Technical Applications	ITS	Spec Business Appl Support ITS	0.00	48.25	0	52.32	0	1,841.43	0
ITS	032079	CORP-Technical Applications	ITS	Sr Developer ITS	1.00	46.88	86,326	51.49	94,815	1,841.43	181,141

TOTAL SERVICE COMPANY
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Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
ITS	032079	CORP-Technical Applications	ITS	Team Lead Appl Dev ITS	0.00	53.47	0	55.48	0	1,841.43	0
ITS	032079	CORP-Technical Applications	ITS	Web Master ITS	1.00	58.41	107,558	58.48	107,687	1,841.43	215,245
ITS	032079	CORP-Technical Applications	ITS	Web Self Service	0.00	67.17	0	63.79	0	1,841.43	0
ITS	032079	CORP-Technical Applications	ITS	Web Specialist	0.00	55.49	0	56.70	0	1,841.43	0
ITS	032079 Total		ITS		5.00						1,010,926
ITS	032080	CORP-Functional Applications	ITS	Analyst Business ITS	2.00	37.41	137,776	46.02	169,485	1,841.43	307,261
ITS	032080	CORP-Functional Applications	ITS	Mgr Application Dev ITS	0.00	64.39	0	62.19	0	1,841.43	0
ITS	032080	CORP-Functional Applications	ITS	Spec Business Appl Support ITS	0.00	49.31	0	53.14	0	1,841.43	0
ITS	032080	CORP-Functional Applications	ITS	Sr Analyst Business Reporting	0.00	50.01	0	53.57	0	1,841.43	0
ITS	032080	CORP-Functional Applications	ITS	Sr Developer ITS	0.00	44.08	0	50.02	0	1,841.43	0
ITS	032080	CORP-Functional Applications	ITS	Team Lead Appl Dev ITS	0.00	51.51	0	54.46	0	1,841.43	0
ITS	032080	CORP-Functional Applications	ITS	Team Lead JDE (ITS)	0.00	51.51	0	54.46	0	1,841.43	0
ITS	032080	CORP-Functional Applications	ITS	Team Lead Reporting ITS	1.00	55.11	101,481	56.62	104,262	1,841.43	205,743
ITS	032080 Total		ITS		3.00						513,004
ITS	032081	CORP-ITS Quality Assurance	ITS	Analyst QA ITS	1.00	31.57	58,134	30.29	55,777	1,841.43	113,911
ITS	032081	CORP-ITS Quality Assurance	ITS	Bus Process	0.00	52.57	0	44.52	0	1,841.43	0
ITS	032081	CORP-ITS Quality Assurance	ITS	Business Analyst	0.00	58.41	0	48.48	0	1,841.43	0
ITS	032081	CORP-ITS Quality Assurance	ITS	Mgr Quality Assurance ITS	0.00	60.60	0	49.96	0	1,841.43	0
ITS	032081	CORP-ITS Quality Assurance	ITS	SDLC Analyst	0.00	55.49	0	46.50	0	1,841.43	0
ITS	032081 Total		ITS		1.00						113,911
ITS	032082	Client Relationship Management	ITS	Business Partner-Customer Apps	0.00	17.89	0	21.18	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Business Partner-Productivity Apps	0.00	40.05	0	35.58	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Client Relationship Manager	0.00	70.09	0	55.09	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Desktop Virtualization	0.00	25.35	0	26.02	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Financial Laision	0.00	46.73	0	39.91	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Instructional Designer	0.00	48.46	0	41.04	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Materials Analyst	0.00	29.20	0	28.53	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Mgr Client Supt HELP Desk ITS	0.00	46.73	0	39.91	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Mobile - Physical Support East	0.00	52.57	0	43.70	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Mobile - Physical Support West	0.00	52.57	0	43.70	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Spec Business Appl Support ITS	0.00	43.81	0	38.01	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Technical Lead Mobile ITS	0.00	66.05	0	52.46	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Technical Trainer Finance	0.00	44.55	0	38.50	0	1,841.43	0
ITS	032082	Client Relationship Management	ITS	Trainer/Documenter ITS	0.50	33.73	31,056	31.47	28,975	1,841.43	60,031
ITS	032082 Total		ITS		0.50						60,031
ITS	032093	CORP-ITS Design Authority	ITS	Application Solution Architect	1.00	73.01	134,443	54.68	100,689	1,841.43	235,132
ITS	032093	CORP-ITS Design Authority	ITS	Data Architect ITS	0.00	40.88	0	35.08	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Dir Strategy & Arch ITS	0.00	96.37	0	68.94	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Enterprise Arch Wintel ITS	0.00	70.67	0	53.25	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Mgr Technical Data ITS	0.00	70.96	0	53.42	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Process Architect	0.00	70.09	0	52.89	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Sr Data Architect ITS	0.00	51.45	0	41.52	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Telecomm Architect/Engineer	0.00	67.17	0	51.11	0	1,841.43	0
ITS	032093	CORP-ITS Design Authority	ITS	Telephony Architect/Engineer	0.00	67.17	0	51.11	0	1,841.43	0
ITS	032093 Total		ITS		1.00						235,132
NORTHEAST	036501	NE-Production	Operations Services	Mgr Contract Opns	0.00	69.56	0	45.55	0	1,841.43	0
NORTHEAST	036501 Total		Operations Services		0.00						0
NORTHEAST	036507	NE-Finance	Corporate Finance	Director Financial Perf Plng & Rptg	0.00	81.62	0	56.75	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Director Rates & Regulations	0.00	83.45	0	57.78	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Exec Asst	0.00	34.96	0	30.20	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Financial Analyst I	0.00	37.96	0	31.92	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Financial Analyst I (FP&A)	0.00	40.88	0	33.58	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Financial Analyst III	0.00	52.57	0	40.22	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Intmd Financial Analyst	0.00	40.85	0	33.44	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Mgr Compliance	0.00	74.56	0	52.74	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Mgr Financial Perf Plng & Rptg	0.00	49.65	0	38.56	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Mgr Project Finance (BD)	0.00	59.62	0	44.24	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Princ Analyst Financial	0.00	61.28	0	45.18	0	1,841.43	0
NORTHEAST	036507	NE-Finance	Corporate Finance	Regional Dir Finance	0.00	102.27	0	68.49	0	1,841.43	0
NORTHEAST	036507 Total		Corporate Finance		0.00						0
NORTHEAST	036510	NE-Supply Chain	Operations Services	Analyst Procurement Business	0.00	28.62	0	24.51	0	1,841.43	0
NORTHEAST	036510	NE-Supply Chain	Operations Services	Mgr Procurement	0.00	51.46	0	37.55	0	1,841.43	0
NORTHEAST	036510 Total		Operations Services		0.00						0
NORTHEAST	036515	NE-Legal	Legal	Corp Counsel III Regional	0.00	84.30	0	53.15	0	1,841.43	0
NORTHEAST	036515	NE-Legal	Legal	Exec Asst	0.00	35.51	0	26.48	0	1,841.43	0
NORTHEAST	036515	NE-Legal	Legal	Paralegal	0.00	36.21	0	26.86	0	1,841.43	0
NORTHEAST	036515	NE-Legal	Legal	Regional General Counsel	0.00	116.58	0	70.79	0	1,841.43	0
NORTHEAST	036515 Total		Legal		0.00						0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
NORTHEAST	036516	NE-Maintenance	Operations Services	Dir Maintenance	0.00	78.97	0	61.69	0	1,841.43	0
NORTHEAST	036516	NE-Maintenance	Operations Services	Supvr SCADA	0.00	45.56	0	39.89	0	1,841.43	0
NORTHEAST	036516 Total		Operations Services		0.00						0
NORTHEAST	036518	NE-Human Resources	Human Resources	Exec Asst	0.00	33.96	0	29.12	0	1,841.43	0
NORTHEAST	036518	NE-Human Resources	Human Resources	HR Generalist	0.00	34.90	0	29.69	0	1,841.43	0
NORTHEAST	036518	NE-Human Resources	Human Resources	Mgr Human Resources	0.00	54.69	0	41.68	0	1,841.43	0
NORTHEAST	036518	NE-Human Resources	Human Resources	Mgr Training & Development	0.00	56.82	0	42.98	0	1,841.43	0
NORTHEAST	036518	NE-Human Resources	Human Resources	Regional Dir HR	0.00	93.45	0	65.16	0	1,841.43	0
NORTHEAST	036518 Total		Human Resources		0.00						0
NORTHEAST	036519	NE-Operational Risk	Operations Services	Dir Operational Risk Mgmt	0.00	68.19	0	55.03	0	1,841.43	0
NORTHEAST	036519	NE-Operational Risk	Operations Services	Exec Secretary	0.00	24.53	0	26.85	0	1,841.43	0
NORTHEAST	036519	NE-Operational Risk	Operations Services	Mgr Health & Safety	0.00	56.30	0	47.37	0	1,841.43	0
NORTHEAST	036519	NE-Operational Risk	Operations Services	Mgr Loss Control	0.00	39.72	0	36.65	0	1,841.43	0
NORTHEAST	036519	NE-Operational Risk	Operations Services	Specialist Health & Safety	0.00	35.79	0	34.12	0	1,841.43	0
NORTHEAST	036519	NE-Operational Risk	Operations Services	Specialist Security	0.00	34.05	0	33.00	0	1,841.43	0
NORTHEAST	036519 Total		Operations Services		0.00						0
NORTHEAST	036525	NE-External Affairs	Communications and External Affairs	Dir External Affairs - Area 1	0.00	70.09	0	49.58	0	1,841.43	0
NORTHEAST	036525	NE-External Affairs	Communications and External Affairs	Mgr Customer Communications - Area 1	0.00	63.77	0	45.84	0	1,841.43	0
NORTHEAST	036525	NE-External Affairs	Communications and External Affairs	Mgr External Affairs - (NJ, NY)	0.00	43.81	0	34.04	0	1,841.43	0
NORTHEAST	036525	NE-External Affairs	Communications and External Affairs	Mgr Internal Communications - Area 1	0.00	55.49	0	40.95	0	1,841.43	0
NORTHEAST	036525	NE-External Affairs	Communications and External Affairs	Specialist External Affairs - (NJ, NY)	0.00	32.28	0	27.23	0	1,841.43	0
NORTHEAST	036525 Total		Communications and External Affairs		0.00						0
NORTHEAST	036531	NE-Eastern CS & S	ITS	Lead Specialist Support ITS	0.00	48.06	0	35.76	0	1,841.43	0
NORTHEAST	036531	NE-Eastern CS & S	ITS	Mgr Regional Client Rel ITS	0.00	61.91	0	43.66	0	1,841.43	0
NORTHEAST	036531	NE-Eastern CS & S	ITS	Specialist Support ITS	0.00	28.04	0	24.35	0	1,841.43	0
NORTHEAST	036531	NE-Eastern CS & S	ITS	Sr Spec Computer Support ITS	0.00	38.49	0	30.32	0	1,841.43	0
NORTHEAST	036531	NE-Eastern CS & S	ITS	Team Lead IT Regional Support	0.00	46.27	0	34.75	0	1,841.43	0
NORTHEAST	036531 Total		ITS		0.00						0
NORTHEAST	036576	NE-Building Services Woodcrest	Operations Services	Mail Room Clerk (N)	0.00	16.35	0	61.02	0	1,841.43	0
NORTHEAST	036576	NE-Building Services Woodcrest	Operations Services	Receptionist (N)	0.00	17.01	0	61.55	0	1,841.43	0
NORTHEAST	036576 Total		Operations Services		0.00						0
SOUTHEAST	035002	SE-Network	Operations Services	Exec Secretary	0.00	29.44	0	27.92	0	1,841.43	0
SOUTHEAST	035002	SE-Network	Operations Services	General Manager States	0.00	67.81	0	50.17	0	1,841.43	0
SOUTHEAST	035002	SE-Network	Operations Services	Supvr Water Quality	0.00	37.73	0	32.73	0	1,841.43	0
SOUTHEAST	035002 Total		Operations Services		0.00						0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Admin Support Rep (N)	0.00	23.04	0	24.87	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Administrator FRCC System	0.00	29.55	0	28.92	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Analyst Premise QA (N)	0.00	25.46	0	26.37	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Collections/Compliance Rep (N)	0.00	20.05	0	23.00	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Coordinator FRCC	0.00	25.74	0	26.55	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Dir Customer Relations	0.00	50.95	0	42.22	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Mgr Billing/Collection & Pymt	0.00	42.10	0	36.71	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Mgr Customer Advocacy	0.00	39.00	0	34.80	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Mgr Major Customer Accts	0.00	40.88	0	35.97	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Regional Svc Support Rep (N)	0.00	22.56	0	24.57	0	1,841.43	0
SOUTHEAST	035003	SE-Customer Relations	Customer Service Ctr	Supt FRCC	0.00	35.14	0	32.39	0	1,841.43	0
SOUTHEAST	035003 Total		Customer Service Ctr		0.00						0
SOUTHEAST	035005	SE-Administration	Operations Services	Admin Asst (N)	0.00	23.37	0	38.30	0	1,841.43	0
SOUTHEAST	035005	SE-Administration	Operations Services	Supvr Admin Support	0.00	39.31	0	48.75	0	1,841.43	0
SOUTHEAST	035005 Total		Operations Services		0.00						0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Analyst Financial	0.00	33.41	0	32.40	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Asst Mgr Rates	0.00	54.78	0	45.04	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Capital Compliance Analyst	0.00	37.73	0	34.95	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Director of Rates	0.00	90.53	0	66.18	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Exec Asst	0.00	30.25	0	30.54	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Finance Planning and Analysis Mgr	0.00	52.60	0	43.74	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Financial Analyst II - FP&A - New Vacant	0.00	37.73	0	34.95	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Financial Analyst III - Compliance (L08)	0.00	44.68	0	39.06	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Financial Analyst III - FP&A - New Vacant	0.00	44.68	0	39.06	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Financial Analyst III - FP&A Tennessee	0.00	44.68	0	39.06	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Manager of Rates (PA, VA, MD)	0.00	55.49	0	45.45	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Mgr Compliance	0.00	78.27	0	58.92	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Mgr Financial Perf Plng & Rptg	0.00	69.67	0	53.84	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Mgr Rates & Regulations	0.00	84.51	0	62.62	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Regional Dir Finance	0.00	97.19	0	70.11	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Sr Analyst Financial	0.00	41.44	0	37.15	0	1,841.43	0
SOUTHEAST	035007	SE-Finance	Corporate Finance	Sr Secretary (N)	0.00	25.84	0	27.93	0	1,841.43	0
SOUTHEAST	035007 Total		Corporate Finance		0.00						0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
SOUTHEAST	035010	SE-Supply Chain	Operations Services	Analyst Procurement Business	0.00	30.08	0	27.91	0	1,841.43	0
SOUTHEAST	035010	SE-Supply Chain	Operations Services	Mgr Procurement	0.00	62.85	0	45.92	0	1,841.43	0
SOUTHEAST	035010 Total		Operations Services		0.00						0
SOUTHEAST	035014	SE-Engineering	Operations Services	Sr Project Engr	0.00	49.25	0	40.57	0	1,841.43	0
SOUTHEAST	035014 Total		Operations Services		0.00						0
SOUTHEAST	035015	SE-Legal	Legal	Corp Counsel III Regional	0.00	47.01	0	42.16	0	1,841.43	0
SOUTHEAST	035015	SE-Legal	Legal	Exec Asst	0.00	30.21	0	31.99	0	1,841.43	0
SOUTHEAST	035015	SE-Legal	Legal	Legal Secy (N)	0.00	23.75	0	28.07	0	1,841.43	0
SOUTHEAST	035015	SE-Legal	Legal	Paralegal	0.00	39.86	0	37.83	0	1,841.43	0
SOUTHEAST	035015	SE-Legal	Legal	Regional General Counsel	0.00	111.03	0	80.94	0	1,841.43	0
SOUTHEAST	035015 Total		Legal		0.00						0
SOUTHEAST	035016	SE-Maintenance	Operations Services	Dir Maintenance	0.00	56.07	0	44.32	0	1,841.43	0
SOUTHEAST	035016	SE-Maintenance	Operations Services	Mgr Maintenance	0.00	51.69	0	41.79	0	1,841.43	0
SOUTHEAST	035016	SE-Maintenance	Operations Services	Mgr SCADA	0.00	49.35	0	40.45	0	1,841.43	0
SOUTHEAST	035016	SE-Maintenance	Operations Services	Supvr Maint Service	0.00	37.06	0	33.37	0	1,841.43	0
SOUTHEAST	035016	SE-Maintenance	Operations Services	Supvr SCADA	0.00	36.74	0	33.19	0	1,841.43	0
SOUTHEAST	035016 Total		Operations Services		0.00						0
SOUTHEAST	035018	SE-Human Resources	Human Resources	Exec Asst	0.00	31.36	0	42.01	0	1,841.43	0
SOUTHEAST	035018	SE-Human Resources	Human Resources	HR Generalist	0.00	38.84	0	46.54	0	1,841.43	0
SOUTHEAST	035018	SE-Human Resources	Human Resources	Mgr Human Resources	0.00	58.30	0	58.30	0	1,841.43	0
SOUTHEAST	035018	SE-Human Resources	Human Resources	Mgr Training & Development	0.00	54.73	0	56.14	0	1,841.43	0
SOUTHEAST	035018	SE-Human Resources	Human Resources	Regional Dir HR	0.00	96.37	0	81.32	0	1,841.43	0
SOUTHEAST	035018	SE-Human Resources	Human Resources	Sr HR Generalist	0.00	42.11	0	48.52	0	1,841.43	0
SOUTHEAST	035018	SE-Human Resources	Human Resources	Trainer HR	0.00	36.13	0	44.90	0	1,841.43	0
SOUTHEAST	035018 Total		Human Resources		0.00						0
SOUTHEAST	035019	SE-Operational Risk	Operations Services	Dir Operational Risk Mgmt	0.00	70.86	0	52.91	0	1,841.43	0
SOUTHEAST	035019	SE-Operational Risk	Operations Services	Mgr Loss Control	0.00	45.52	0	38.71	0	1,841.43	0
SOUTHEAST	035019	SE-Operational Risk	Operations Services	ORM Specialist	0.00	29.20	0	29.57	0	1,841.43	0
SOUTHEAST	035019 Total		Operations Services		0.00						0
SOUTHEAST	035020	SE-Business Development	Other	Business Developer	0.00	74.29	0	55.82	0	1,841.43	0
SOUTHEAST	035020	SE-Business Development	Other	Dir Business Development - Eastern Div	0.00	116.81	0	80.85	0	1,841.43	0
SOUTHEAST	035020	SE-Business Development	Other	Mgr Bid	0.00	53.93	0	43.83	0	1,841.43	0
SOUTHEAST	035020	SE-Business Development	Other	Specialist Market Development	0.00	28.96	0	29.13	0	1,841.43	0
SOUTHEAST	035020	SE-Business Development	Other	Sr Mgr Business Dev	0.00	66.29	0	51.11	0	1,841.43	0
SOUTHEAST	035020	SE-Business Development	Other	Wastewater Director	0.00	81.16	0	59.85	0	1,841.43	0
SOUTHEAST	035020 Total		Other		0.00						0
SOUTHEAST	035025	SE-External Affairs	Communications and External Affairs	Administrative Assistant - Area 2	0.00	21.70	0	36.44	0	1,841.43	0
SOUTHEAST	035025	SE-External Affairs	Communications and External Affairs	Dir External Affairs - Area 2	0.00	84.69	0	76.77	0	1,841.43	0
SOUTHEAST	035025	SE-External Affairs	Communications and External Affairs	Mgr Customer Communications - Area 2	0.00	46.73	0	52.46	0	1,841.43	0
SOUTHEAST	035025	SE-External Affairs	Communications and External Affairs	Mgr Internal Communications - Area 2	0.00	49.05	0	53.95	0	1,841.43	0
SOUTHEAST	035025 Total		Communications and External Affairs		0.00						0
SSC	032063	CORP-Building Services Woodcre	Operations Services	Asst. Facilities Mgr	0.00	36.21	0	39.19	0	1,841.43	0
SSC	032063	CORP-Building Services Woodcre	Operations Services	Mail Room Clerk (N)	0.00	16.35	0	24.65	0	1,841.43	0
SSC	032063	CORP-Building Services Woodcre	Operations Services	Receptionist (N)	0.00	16.93	0	25.06	0	1,841.43	0
SSC	032063	CORP-Building Services Woodcre	Operations Services	Sr Mailroom Coord (N)	0.00	21.05	0	28.08	0	1,841.43	0
SSC	032063 Total		Operations Services		0.00						0
SSC	032084	SSC-Accounts Payable	Shared Services Ctr	Analyst Accounts Payable (N)	1.00	25.24	46,478	30.21	55,630	1,841.43	102,108
SSC	032084	SSC-Accounts Payable	Shared Services Ctr	Mgr Accounts Payable	0.00	55.49	0	50.84	0	1,841.43	0
SSC	032084	SSC-Accounts Payable	Shared Services Ctr	Specialist Accts Payable (N)	1.00	21.65	39,867	27.76	51,118	1,841.43	90,985
SSC	032084	SSC-Accounts Payable	Shared Services Ctr	Sr Analyst Accts Payable (N)	0.00	29.44	0	33.07	0	1,841.43	0
SSC	032084	SSC-Accounts Payable	Shared Services Ctr	Team Lead Accounts Payable	0.50	35.53	32,713	37.24	34,287	1,841.43	67,000
SSC	032084 Total		Shared Services Ctr		2.50						260,093
SSC	032505	SSC-Administration	Shared Services Ctr	Admin Asst (N)	0.00	23.37	0	30.77	0	1,841.43	0
SSC	032505	SSC-Administration	Shared Services Ctr	Dir Accounting	1.00	89.20	164,256	70.42	129,674	1,841.43	293,930
SSC	032505	SSC-Administration	Shared Services Ctr	Dir Financial Services	0.00	82.30	0	66.27	0	1,841.43	0
SSC	032505	SSC-Administration	Shared Services Ctr	Exec Asst	1.00	32.24	59,368	36.11	66,494	1,841.43	125,862
SSC	032505	SSC-Administration	Shared Services Ctr	Mgr Service Quality	0.00	66.23	0	56.59	0	1,841.43	0
SSC	032505	SSC-Administration	Shared Services Ctr	VP Shared Services	0.00	120.36	0	89.20	0	1,841.43	0
SSC	032505 Total		Shared Services Ctr		2.00						419,792
SSC	032570	SSC-General Accounting	Shared Services Ctr	Accountant (N)	0.00	25.54	0	29.20	0	1,841.43	0
SSC	032570	SSC-General Accounting	Shared Services Ctr	Intmd Accountant	1.00	28.62	52,702	31.17	57,397	1,841.43	110,099
SSC	032570	SSC-General Accounting	Shared Services Ctr	Intmd Accountant Tax	1.00	31.31	57,655	32.89	60,565	1,841.43	118,220
SSC	032570	SSC-General Accounting	Shared Services Ctr	Mgr Accounting	0.00	45.78	0	42.17	0	1,841.43	0
SSC	032570	SSC-General Accounting	Shared Services Ctr	Mgr Accounting ADD	1.00	54.03	99,493	47.45	87,376	1,841.43	186,869
SSC	032570	SSC-General Accounting	Shared Services Ctr	Mgr Financial Reporting	0.00	50.81	0	45.40	0	1,841.43	0
SSC	032570	SSC-General Accounting	Shared Services Ctr	Specialist Accounting (N)	0.00	20.71	0	26.09	0	1,841.43	0
SSC	032570	SSC-General Accounting	Shared Services Ctr	Sr Accountant	1.00	34.81	64,100	35.14	64,708	1,841.43	128,808
SSC	032570 Total		Shared Services Ctr		4.00						543,996

TOTAL SERVICE COMPANY
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Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
SSC	032571	SSC-Tax	Shared Services Ctr	Accountant Tax (N)	0.00	32.62	0	35.16	0	1,841.43	0
SSC	032571	SSC-Tax	Shared Services Ctr	Intmd Accountant Tax	1.00	30.68	56,495	33.88	62,388	1,841.43	118,883
SSC	032571	SSC-Tax	Shared Services Ctr	Mgr General Tax	0.00	57.75	0	51.72	0	1,841.43	0
SSC	032571	SSC-Tax	Shared Services Ctr	Tax Asst (N)	0.00	20.57	0	27.23	0	1,841.43	0
SSC	032571	SSC-Tax	Shared Services Ctr	Team Lead Tax Accounting	0.00	40.45	0	40.31	0	1,841.43	0
SSC	032571 Total		Shared Services Ctr		1.00						118,883
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Analyst Business Performance	0.00	51.46	0	47.98	0	1,841.43	0
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Analyst Support Services	0.00	32.21	0	34.87	0	1,841.43	0
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Business Liaison	0.00	51.22	0	47.83	0	1,841.43	0
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Specialist Ldrshp & Staff Dev	0.00	46.37	0	44.53	0	1,841.43	0
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Sr Analst Systems	0.00	37.38	0	38.40	0	1,841.43	0
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Sr Analyst Support Services	0.50	38.21	35,181	38.96	35,871	1,841.43	71,052
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Systems Administrator	0.00	52.57	0	48.74	0	1,841.43	0
SSC	032572	SSC-Business Support Services	Shared Services Ctr	Training Asst (N)	0.50	23.54	21,674	28.96	26,664	1,841.43	48,338
SSC	032572 Total		Shared Services Ctr		1.00						119,390
SSC	032574	SSC-Rates & Regulation	Shared Services Ctr	Analyst Financial	0.00	28.09	0	28.07	0	1,841.43	0
SSC	032574	SSC-Rates & Regulation	Shared Services Ctr	Asst Mgr Rates	0.00	57.41	0	44.13	0	1,841.43	0
SSC	032574	SSC-Rates & Regulation	Shared Services Ctr	Intmd Financial Analyst	0.00	40.30	0	34.75	0	1,841.43	0
SSC	032574	SSC-Rates & Regulation	Shared Services Ctr	Mgr Rates & Regulations	0.00	90.03	0	61.99	0	1,841.43	0
SSC	032574	SSC-Rates & Regulation	Shared Services Ctr	Sr Analyst Financial	0.00	49.00	0	39.52	0	1,841.43	0
SSC	032574	SSC-Rates & Regulation	Shared Services Ctr	Team Lead Rates	0.00	57.56	0	44.20	0	1,841.43	0
SSC	032574 Total		Shared Services Ctr		0.00						0
SSC	032575	SSC-Cash Management	Shared Services Ctr	Analyst Cash Management	1.00	28.24	52,002	31.24	57,526	1,841.43	109,528
SSC	032575	SSC-Cash Management	Shared Services Ctr	Mgr Cash	0.00	54.44	0	46.18	0	1,841.43	0
SSC	032575	SSC-Cash Management	Shared Services Ctr	Specialist Cash Management (N)	0.00	21.22	0	26.70	0	1,841.43	0
SSC	032575	SSC-Cash Management	Shared Services Ctr	Sr Analyst Cash Management	0.00	34.59	0	35.34	0	1,841.43	0
SSC	032575	SSC-Cash Management	Shared Services Ctr	Team Lead Cash Management	0.50	40.24	37,050	39.01	35,917	1,841.43	72,967
SSC	032575 Total		Shared Services Ctr		1.50						182,495
SSC	032577	SSC-Fixed Assets/Job Cost	Shared Services Ctr	Accountant (N)	0.00	27.56	0	29.92	0	1,841.43	0
SSC	032577	SSC-Fixed Assets/Job Cost	Shared Services Ctr	Intmd Accountant	0.00	29.18	0	30.94	0	1,841.43	0
SSC	032577	SSC-Fixed Assets/Job Cost	Shared Services Ctr	Mgr FA/JC	0.00	50.84	0	44.49	0	1,841.43	0
SSC	032577	SSC-Fixed Assets/Job Cost	Shared Services Ctr	Specialist Accounting (N)	1.00	25.11	46,238	28.40	52,297	1,841.43	98,535
SSC	032577	SSC-Fixed Assets/Job Cost	Shared Services Ctr	Sr Accountant	1.00	34.78	64,045	34.44	63,419	1,841.43	127,464
SSC	032577	SSC-Fixed Assets/Job Cost	Shared Services Ctr	Team Lead FA/JC	0.00	43.02	0	39.60	0	1,841.43	0
SSC	032577 Total		Shared Services Ctr		2.00						225,999
SSC	032578	SSC-Project Management	Shared Services Ctr	Project Mgr	0.50	47.69	44,093	41.90	38,578	1,841.43	82,671
SSC	032578 Total		Shared Services Ctr		0.50						82,671
SSC	032579	SSC-Employee Services	Shared Services Ctr	Analyst HR	1.00	33.80	62,240	33.43	61,559	1,841.43	123,799
SSC	032579	SSC-Employee Services	Shared Services Ctr	Analyst Payroll	1.00	34.63	63,769	33.94	62,498	1,841.43	126,267
SSC	032579	SSC-Employee Services	Shared Services Ctr	Mgr Employee Svcs	0.00	54.44	0	46.02	0	1,841.43	0
SSC	032579	SSC-Employee Services	Shared Services Ctr	Specialist HRIS (N)	0.00	27.33	0	29.48	0	1,841.43	0
SSC	032579	SSC-Employee Services	Shared Services Ctr	Specialist Payroll (N)	0.00	27.08	0	29.33	0	1,841.43	0
SSC	032579	SSC-Employee Services	Shared Services Ctr	Sr Specialist Payroll (N)	0.00	30.53	0	31.45	0	1,841.43	0
SSC	032579	SSC-Employee Services	Shared Services Ctr	Team Lead HR Data Mgmt	0.00	45.67	0	40.69	0	1,841.43	0
SSC	032579	SSC-Employee Services	Shared Services Ctr	Team Lead Payroll	0.50	40.77	37,538	37.69	34,702	1,841.43	72,240
SSC	032579 Total		Shared Services Ctr		2.50						322,306
SSC	032580	SSC-AWE	Shared Services Ctr	Intmd Accountant	0.00	29.20	0	34.35	0	1,841.43	0
SSC	032580	SSC-AWE	Shared Services Ctr	Mgr Accounting	0.00	51.46	0	49.35	0	1,841.43	0
SSC	032580	SSC-AWE	Shared Services Ctr	Sr Accountant	0.00	32.47	0	36.54	0	1,841.43	0
SSC	032580	SSC-AWE	Shared Services Ctr	Team Lead GA	0.00	39.10	0	41.02	0	1,841.43	0
SSC	032580 Total		Shared Services Ctr		0.00						0
WESTERN	033003	WE-Customer Relations	Customer Service Ctr	Administrator FRCC System	0.00	29.81	0	25.16	0	1,841.43	0
WESTERN	033003	WE-Customer Relations	Customer Service Ctr	Coordinator FRCC	0.00	28.80	0	24.51	0	1,841.43	0
WESTERN	033003	WE-Customer Relations	Customer Service Ctr	Supvr FRCC	0.00	34.99	0	28.50	0	1,841.43	0
WESTERN	033003 Total		Customer Service Ctr		0.00						0
WESTERN	033005	WE-Administration	Operations Services	Exec Asst to EMT	0.00	33.10	0	71.00	0	1,841.43	0
WESTERN	033005	WE-Administration	Operations Services	Project Mgr	0.00	46.33	0	80.15	0	1,841.43	0
WESTERN	033005	WE-Administration	Operations Services	State President	0.00	166.43	0	163.15	0	1,841.43	0
WESTERN	033005 Total		Operations Services		0.00						0
WESTERN	033007	WE-Finance	Corporate Finance	Admin Asst (N)	0.00	23.84	0	19.02	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Analyst Capital Cmpl (Region)	0.00	43.92	0	31.37	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Analyst Financial	0.00	29.20	0	22.32	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Analyst Regulatory	0.00	33.51	0	24.96	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Asst Mgr Rates	0.00	58.89	0	40.59	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Intmd Financial Analyst	0.00	34.36	0	25.49	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Mgr Compliance	0.00	66.98	0	45.57	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Mgr Financial Perf Ping & Rptg	0.00	66.17	0	45.08	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Mgr Rates & Regulations	0.00	84.51	0	56.37	0	1,841.43	0

TOTAL SERVICE COMPANY
Employee Position List
Used for IL Self Provisioning of AWWS Services

Location	BU#	BU Name	Function	AWW Job Title	# FTE Positions Required for IL Self Prov	Hourly Labor Rate	Labor Cost	Hourly Overhead Rate	Overhead Cost	Average # Hours	Total Cost
WESTERN	033007	WE-Finance	Corporate Finance	Regional Dir Finance	0.00	101.69	0	66.94	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Regulatory Analyst	0.00	37.73	0	27.57	0	1,841.43	0
WESTERN	033007	WE-Finance	Corporate Finance	Sr Analyst Financial	0.00	51.36	0	35.95	0	1,841.43	0
WESTERN	033007 Total		Corporate Finance		0.00						0
WESTERN	033010	WE-Supply Chain	Operations Services	Analyst Procurement Business	0.00	32.12	0	24.24	0	1,841.43	0
WESTERN	033010	WE-Supply Chain	Operations Services	Mgr Procurement	0.00	53.50	0	37.28	0	1,841.43	0
WESTERN	033010 Total		Operations Services		0.00						0
WESTERN	033011	WE-Environmental Mgmt	Operations Services	Specialist Water Quality	0.00	28.33	0	25.31	0	1,841.43	0
WESTERN	033011 Total		Operations Services		0.00						0
WESTERN	033014	WE-Engineering	Operations Services	Mgr Engrg - Technical Services	0.00	70.74	0	46.89	0	1,841.43	0
WESTERN	033014	WE-Engineering	Operations Services	Mgr Engrg-Asset/Capital Plng	0.00	62.44	0	41.99	0	1,841.43	0
WESTERN	033014	WE-Engineering	Operations Services	Specialist Opns	0.00	27.48	0	21.31	0	1,841.43	0
WESTERN	033014	WE-Engineering	Operations Services	Sr Cost Engineer	0.00	44.68	0	31.48	0	1,841.43	0
WESTERN	033014	WE-Engineering	Operations Services	Sr Project Engr	0.00	55.84	0	38.07	0	1,841.43	0
WESTERN	033014 Total		Operations Services		0.00						0
WESTERN	033015	WE-Legal	Legal	Corp Counsel II	0.00	58.46	0	45.48	0	1,841.43	0
WESTERN	033015	WE-Legal	Legal	Corp Counsel III	0.00	82.28	0	61.19	0	1,841.43	0
WESTERN	033015	WE-Legal	Legal	Legal Secretary	0.00	33.86	0	29.27	0	1,841.43	0
WESTERN	033015	WE-Legal	Legal	Paralegal	0.00	32.73	0	28.52	0	1,841.43	0
WESTERN	033015	WE-Legal	Legal	Project Mgr	0.00	46.13	0	38.67	0	1,841.43	0
WESTERN	033015	WE-Legal	Legal	Regional General Counsel	0.00	103.06	0	74.89	0	1,841.43	0
WESTERN	033015 Total		Legal		0.00						0
WESTERN	033016	WE-Maintenance	Operations Services	Dir Maintenance	0.00	60.16	0	51.75	0	1,841.43	0
WESTERN	033016	WE-Maintenance	Operations Services	Mgr Maint Reliability	0.00	49.80	0	45.98	0	1,841.43	0
WESTERN	033016	WE-Maintenance	Operations Services	Mgr SCADA	0.00	47.07	0	44.46	0	1,841.43	0
WESTERN	033016 Total		Operations Services		0.00						0
WESTERN	033018	WE-Human Resources	Human Resources	HR Admin	0.00	14.60	0	15.08	0	1,841.43	0
WESTERN	033018	WE-Human Resources	Human Resources	HR Generalist	0.00	17.51	0	17.03	0	1,841.43	0
WESTERN	033018	WE-Human Resources	Human Resources	Mgr Human Resources	0.00	61.27	0	46.38	0	1,841.43	0
WESTERN	033018	WE-Human Resources	Human Resources	Mgr Training & Development	0.00	59.57	0	45.25	0	1,841.43	0
WESTERN	033018	WE-Human Resources	Human Resources	Regional Dir HR	0.00	83.80	0	61.48	0	1,841.43	0
WESTERN	033018	WE-Human Resources	Human Resources	Specialist Human Resources	0.00	25.98	0	22.70	0	1,841.43	0
WESTERN	033018 Total		Human Resources		0.00						0
WESTERN	033019	WE-Operational Risk	Operations Services	Dir Operational Risk Mgmt	0.00	69.50	0	61.11	0	1,841.43	0
WESTERN	033019	WE-Operational Risk	Operations Services	Mgr Loss Control	0.00	44.03	0	41.24	0	1,841.43	0
WESTERN	033019 Total		Operations Services		0.00						0
WESTERN	033020	WE-Business Development	Other	BD Executive Assistant (1/2 FTE)	0.00	27.92	0	23.95	0	1,841.43	0
WESTERN	033020	WE-Business Development	Other	Business Developer	0.00	78.77	0	53.60	0	1,841.43	0
WESTERN	033020	WE-Business Development	Other	Client Exec	0.00	77.67	0	52.94	0	1,841.43	0
WESTERN	033020	WE-Business Development	Other	Dir Business Development	0.00	101.09	0	66.61	0	1,841.43	0
WESTERN	033020	WE-Business Development	Other	Mgr Production	0.00	69.92	0	48.44	0	1,841.43	0
WESTERN	033020	WE-Business Development	Other	Mgr Project Finance (BD)	0.00	54.33	0	39.34	0	1,841.43	0
WESTERN	033020 Total		Other		0.00						0
WESTERN	033025	WE-External Affairs	Communications and External Affairs	Dir External Affairs - Area 4	0.00	81.19	0	57.82	0	1,841.43	0
WESTERN	033025	WE-External Affairs	Communications and External Affairs	Intern - Area 4	0.00	18.95	0	19.83	0	1,841.43	0
WESTERN	033025	WE-External Affairs	Communications and External Affairs	Mgr Customer Communications - Area 4	0.00	49.65	0	38.56	0	1,841.43	0
WESTERN	033025	WE-External Affairs	Communications and External Affairs	Mgr External Affairs - (CA, NM, TX)	0.00	51.14	0	39.47	0	1,841.43	0
WESTERN	033025	WE-External Affairs	Communications and External Affairs	Mgr Internal Communications - Area 4	0.00	64.52	0	47.64	0	1,841.43	0
WESTERN	033025 Total		Communications and External Affairs		0.00						0

	Positions	Amount
BELLEVILLE LAB TOTAL	6.00	1,056,415
CALL CENTER TOTAL	55.00	4,892,148
CENTRAL TOTAL	56.00	9,514,642
CORPORATE TOTAL	23.00	4,254,984
ITS TOTAL	25.50	4,732,438
NORTHEAST TOTAL	0.00	0
SOUTHEAST TOTAL	0.00	0
SSC TOTAL	17.00	2,275,625
WESTERN TOTAL	0.00	0
TOTAL SERVICE COMPANY	182.50	26,726,252

Illinois American Water
Support for Self Provisioning

Workpaper for Exhibit 1.04

Cost to Relocate (3)

	Average	Avg Cost	Amount
Tier 1 employees	2.50%	$ 100,000	$ 2,500
Tier 2 employees	95.00%	55,000	52,250
Tier 3 employees	2.50%	10,000	250
Total Average Cost			**$ 55,000**

Cost to Hire

Average cost to Hire AW (external)		$ 1,200
Internal hourly rate (1)	66.59	
Hours to hire (3)	100	6,659
Internal hourly rate (2)	110.39	
Hours to hire (3)	10	1,104
Travel / Incidental Costs		500
Total Costs		$ 9,463
Round up to nearest thousand		**$ 10,000**

(1) HR Generalist
Process application
Interview testing
Reference checks
Request info from candidate
Onboarding information
Process physical
Make offer
Determine need for relo
Notify declines
Complete AAP log

(2) Mgr HR
Review application
Process application
Approve

(3) Based on discussions with HR department

Cost of Orientation

Internal hourly rate (1)	66.59	
Hours for Orientation (3)	6	400
Internal hourly rate (2)	110.39	
Hours for Orientation (3)	3	331
Materials Cost		50
Total Costs		$ 781
Round up to nearest thousand		**$ 1,000**

(1) HR Generalist / Admin / Other
Discuss benefits with employee
Contact employee about start date
Prepare orientation package
Tour facilities
Complete new hire paperwork
Discuss company policies
Discuss performance mgt process
Arrange for ID badge

(2) Mgr HR
Review Materials
Manage Process
Approve

WP Ex11.01-S1.1
WP Ex12.00-S1.1

Schedule 1.1

Illinois-American Water Company
Market Analysis - Accounting Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Associate		Director		Manager		Partner		Senior Associate		Accounting Services	
			Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Hours	Amount	Total Hours	Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
1	CENTRAL	Finance	2,317	$ 121,266	1,158	$ 147,580	8,688	$ 828,219	579	$ 124,666	4,634	$ 308,691	17,377	$ 1,530,422
2		Subtotal	2,317	$ 121,266	1,158	$ 147,580	8,688	$ 828,219	579	$ 124,666	4,634	$ 308,691	17,377	$ 1,530,422
3	CORP	Finance	321	$ 19,034	308	$ 47,874	3,233	$ 331,748			1,108	$ 82,507	4,970	$ 481,162
4		Regulated Operations			158	$ 35,582							158	$ 35,582
5		Other			323	$ 45,172	647	$ 70,304			323	$ 28,400	1,293	$ 143,877
6		Subtotal	321	$ 19,034	789	$ 128,628	3,880	$ 402,052	-	$ -	1,432	$ 110,907	6,421	$ 660,621
7	SSC	Finance	9,357	$ 547,694	1,374	$ 218,706	3,065	$ 319,059	156	$ 34,585	6,040	$ 480,745	19,992	$ 1,600,789
8		Human Resources	2,142	$ 208,806			714	$ 88,565					2,856	$ 297,371
9		Subtotal	11,499	$ 756,500	1,374	$ 218,706	3,779	$ 407,623	156	$ 34,585	6,040	$ 480,745	22,848	$ 1,898,160
10		**Total**	**14,136**	**$ 896,800**	**3,321**	**$ 494,914**	**16,348**	**$ 1,637,894**	**735**	**$ 159,251**	**12,105**	**$ 900,343**	**46,645**	**$ 4,089,202**
11		**Time Distribution**	30.31%		7.12%		35.05%		1.58%		25.95%		100.00%	
12		**Average Rate per Hour**		$ 63		$ 149		$ 100		$ 217		$ 74		$ 88

Footnote
[1] Schedule 1.1 prepared by Service Company

Schedule 1.2

WP Ex11.01-S1.2
WP Ex12.00-S1.2

Schedule 1.2
Page 1 of 1

Illinois-American Water Company
Market Analysis - Accounting Services - Supplemental Rates

Line No.	Firm Name		Professional Classification		Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)		(B)		(C)	(D)		(E)
1	Firm #1 (2007)	S1.2/1	**Partner/Director**	[a] $	**480**	**1.01802**	[b] $	**489**
2			Senior Manager	[a] $	380	1.01802	[b] $	387
3			Manager	[a] $	350	1.01802	[b] $	356
4			Staff	[a] $	280	1.01802	[b] $	285
5	Firm #1 (2009)	S1.2/1	Partner/Principal/Director	[a] $	425	1.01700	[c] $	432
6			**Consultant/Senior Consultant**	[a] $	**250**	**1.01700**	[c] $	**254**
7			Subcontractor	[a] $	275	1.01700	[c] $	280

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 10

WP Ex11.01-S1.2
WP Ex12.00-S1.2

Accounting Consulting Rates

Region	Month	Year	Partner / Director	Sr Manager	Manager	Consultant / Sr Consultant	Staff	Subcontractor
CENT	October	2007	480	380	350		280	
CENT	January	2009	425			250		275

CENT - Central Region

5.2.11

WP Ex11.01-S2

Schedule 2

WP Ex11.01-S2

Illinois-American Water Company
Market Analysis - Engineering Services

Line No.	Professional Classification [a]	Market Rate: All Firms [a]	Market Rate: North Central Region [a]	Adjusted to 2010 Rate [b]	Time Distribution by Professional Classification [c]	Weighted Average Market Rate [d]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Drafters	$ 52.1 71	$ 52/2 66	$ 70	0%	$ -
2	Designers	93	52/3 89	94	1%	1
3	CADD technicians	76	52/4 72	76	4%	3
4	Civil engineers	97	52/5 85	90	3%	3
5	Senior civil engineers	126	52/6 116	123	11%	13
6	Electrical engineers	94	52/7 89	94	2%	2
7	Planners	98	52/8 107	113	13%	15
8	Scientists	84	52/9 83	88	11%	10
9	Senior scientists [1]	127	52/10 127	134	8%	11
10	Project managers	128	52/11 123	130	14%	18
11	Department heads	143	52/12 134	142	8%	12
12	Associate	143	52/13 124	131	1%	2
13	Mechanical Engineer	95	52/14 92	97	18%	17
14	Senior Mechanical Engineer	128	52/15 124	131	2%	2
15	Senior Electrical Engineer	124	52/16 122	129	3%	4
16	**Total**				100%	$ 113

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [c]	Rate: Market [e]	AWWSC Rate Above/(Below) Market Rate [f]
	(A)	(B)	(C)	(D)
17	Drafters	$ 52.1 52	$ 70	$ (18)
18	Designers	77	94	(17)
19	CADD technicians	67	76	(9)
20	Civil engineers	78	90	(12)
21	Senior civil engineers	98	123	(24)
22	Electrical engineers	70	94	(24)
23	Planners	67	113	(46)
24	Scientists	66	88	(22)
25	Senior scientists	85	134	(50)
26	Project managers	101	130	(29)
27	Department heads	126	142	(16)
28	Associate	158	131	27
29	Mechanical Engineer	57	97	(41)
30	Senior Mechanical Engineer	97	131	(34)
31	Senior Electrical Engineer	90	129	(39)

Source
[a] 2008 ZweigWhite Fee & Billing Survey of Architecture, Engineering, Planning & Environmental Consulting Firms
[b] Column C x 1.0571 (Schedule 6, Line 11)
[c] Schedule 2.1
[d] Column D x Column E = Column F
[e] Schedule 2, Column D Above
[f] Column B - Column C

Footnote
[1] Regional information was unavailable, therefore, the all firms billing rate was used for the North Central region.

WP Ex1-01-S2 Positions from Survey

TABLE 2 - 2

Billing rates summary

What are the average hourly billing rates for the following employees?

	lower quartile	median	mean	upper quartile
Clerical employees	$50	$55	$57	$60
Drafters	$60	$70	$71	$85
Designers	$80	$87	$93	$105
CADD technicians	$62	$70	$76	$88
Civil engineers	$85	$90	$97	$105
Senior civil engineers	$105	$125	$126	$138
Structural engineers	$82	$100	$98	$110
Senior structural engineers	$110	$125	$128	$140
Mechanical engineers	$90	$90	$95	$100
Senior mechanical engineers	$116	$127	$128	$145
Electrical engineers	$85	$90	$94	$102
Senior electrical engineers	$104	$120	$124	$138
Process engineers *	$85	$90	$97	$105
Senior process engineers	$116	$125	$128	$127
Architects	$90	$100	$104	$120
Senior architects	$109	$125	$133	$150
Landscape architects	$85	$95	$94	$110
Senior landscape architects	$100	$125	$129	$150
Interior designers	$70	$90	$89	$100
Senior interior designers	$100	$125	$127	$150
Planners	$85	$98	$98	$100
Senior planners	$115	$135	$134	$150
Scientists	$71	$80	$84	$90
Senior scientists	$109	$125	$127	$145
Project managers	$110	$125	$128	$148
Department heads	$128	$150	$143	$160
Associates	$120	$135	$143	$170
Senior associates	$130	$150	$151	$175
Principals	$140	$169	$179	$215

Based on a relatively small sample.

S2/1

TABLE 2 - 3

Comparison: Clerical employee billing rates

	mean	median	lower quartile	upper quartile
Overall	$57	$55	$50	$60
Firm type				
Architecture or Interiors	$60	$55	$50	$65
A/E (primarily architecture) *	$64	$60	$52	$70
Single-discipline Engineering	$52	$55	$40	$60
Multidiscipline Engineering	$54	$58	$46	$60
Full-service Engineering or E/A *	$56	$55	$48	$59
Environmental Consulting	$62	$60	$54	$73
Staff size				
1 - 24	$53	$50	$40	$60
25 - 49	$60	$60	$55	$65
50 - 99	$56	$56	$50	$60
100 - 249	$55	$55	$54	$65
250 + *	$70	$73	$55	$75
Region of headquarters				
New England	$55	$59	$50	$60
Middle Atlantic	$59	$58	$50	$65
South Atlantic	$53	$50	$36	$60
North Central	$58	$56	$50	$65
South Central	$55	$56	$43	$60
Mountain	$59	$55	$50	$65
Pacific	$61	$57	$55	$61
Growth rate				
Fast growth	$60	$59	$52	$60
Slow growth	$58	$56	$48	$65
Stable	$50	$50	$35	$60
Decline *	$49	$50	$50	$60
Client base				
More than 50% private	$57	$55	$48	$60
50% or less private	$58	$59	$50	$65

* Based on a relatively small sample.

TABLE 2 - 5

Comparison: Designer billing rates

	mean	median	lower quartile	upper quartile
Overall	$93	$87	$80	$105
Firm type				
Architecture or Interiors	$105	$95	$85	$120
A/E (primarily architecture) *	$101	$100	$90	$125
Single-discipline Engineering *	$92	$83	$80	$105
Multidiscipline Engineering	$83	$81	$80	$88
Full-service Engineering or E/A *	$89	$87	$82	$92
Environmental Consulting *	$88	$93	$78	$110
Staff size				
1 - 24	$86	$85	$75	$95
25 - 49	$96	$88	$83	$100
50 - 99	$88	$82	$75	$95
100 - 249 *	$106	$120	$92	$125
250 + *	$102	$95	$76	$123
Region of headquarters				
New England	$88	$88	$80	$92
Middle Atlantic *	$92	$95	$80	$105
South Atlantic	$89	$85	$80	$90
North Central	$89	$92	$78	$100
South Central	$89	$81	$80	$85
Mountain *	$103	$105	$75	$125
Pacific	$105	$95	$80	$125
Growth rate				
Fast growth	$107	$100	$80	$140
Slow growth	$92	$87	$80	$105
Stable *	$81	$82	$78	$85
Decline	**	**	**	**
Client base				
More than 50% private	$92	$85	$80	$105
50% or less private	$96	$90	$80	$114

* Based on a relatively small sample.

** Based on a sample too small to yield meaningful values.

Engineers

Issues

What are firms' billing rates for civil, structural, mechanical, and electrical engineers?

Survey Findings

- Civil engineers with one to five years of experience charge a median of $90 an hour for their time.
- Senior civil engineers have a median billing rate of $125 an hour, and half of senior engineers have billing rates between $105 and $138.
- The median billing rate for structural engineers with one to five years of experience is $100.
- Senior structural engineers charge a median of $125 an hour.
- The median billing rate for mechanical engineers with one to five years of experience is $90 an hour.
- Senior mechanical engineers have a median billing rate of $127 an hour, although a quarter charge $116 or less.
- Electrical engineers with one to five years of experience charge a median of $90 an hour, and half have billing rates between $85 and $102.
- Senior electrical engineers have a median billing rate of $120 per hour. A quarter of senior electrical engineers charge $138 or more per hour.

TABLE 2 - 8

Comparison: Senior civil engineer billing rates

	mean	median	lower quartile	upper quartile
Overall	$126	$125	$105	$138
Firm type				
Architecture or Interiors	*	*	*	*
A/E (primarily architecture) **	$119	$125	$115	$125
Single-discipline Engineering **	$130	$125	$120	$145
Multidiscipline Engineering	$124	$125	$100	$145
Full-service Engineering or E/A **	$115	$120	$102	$125
Environmental Consulting **	$135	$130	$111	$166
Staff size				
1 - 24	$116	$120	$100	$130
25 - 49	$134	$127	$116	$145
50 - 99	$117	$112	$105	$125
100 - 249	$130	$125	$120	$138
250 +	*	*	*	*
Region of headquarters				
New England **	$105	$111	$100	$125
Middle Atlantic **	$139	$165	$125	$166
South Atlantic **	$123	$125	$105	$130
North Central	$116	$120	$102	$133
South Central **	$126	$125	$110	$155
Mountain	*	*	*	*
Pacific	$139	$138	$125	$145
Growth rate				
Fast growth	$129	$125	$105	$165
Slow growth	$124	$125	$105	$138
Stable	*	*	*	*
Decline	*	*	*	*
Client base				
More than 50% private	$126	$125	$105	$145
50% or less private	$126	$125	$105	$135

* Based on a sample too small to yield meaningful values.

** Based on a relatively small sample.

TABLE 2 - 12

Comparison: Senior mechanical engineer billing rates

	mean	median	lower quartile	upper quartile
Overall	$128	$127	$116	$145
Firm type				
Architecture or Interiors	*	*	*	*
A/E (primarily architecture) **	$136	$145	$122	$150
Single-discipline Engineering	*	*	*	*
Multidiscipline Engineering **	$126	$135	$100	$140
Full-service Engineering or E/A **	$118	$125	$120	$127
Environmental Consulting **	$132	$131	$116	$166
Staff size				
1 - 24	*	*	*	*
25 - 49 **	$131	$127	$125	$135
50 - 99 **	$119	$122	$105	$140
100 - 249	*	*	*	*
250 +	*	*	*	*
Region of headquarters				
New England	*	*	*	*
Middle Atlantic	*	*	*	*
South Atlantic	*	*	*	*
North Central	$124	$125	$105	$131
South Central	*	*	*	*
Mountain	*	*	*	*
Pacific	*	*	*	*
Growth rate				
Fast growth	*	*	*	*
Slow growth	$133	$131	$125	$145
Stable **	$108	$116	$100	$120
Decline	*	*	*	*
Client base				
More than 50% private	$127	$125	$113	$140
50% or less private **	$139	$131	$127	$150

* Based on a sample too small to yield meaningful values.

** Based on a relatively small sample.

TABLE 2 - 21

Comparison: Planner billing rates

	mean	median	lower quartile	upper quartile
Overall	$98	$98	$85	$100
Firm type				
Architecture or Interiors *	$98	$95	$90	$105
A/E (primarily architecture) *	$111	$100	$98	$120
Single-discipline Engineering	**	**	**	**
Multidiscipline Engineering *	$92	$95	$85	$100
Full-service Engineering or E/A	**	**	**	**
Environmental Consulting	**	**	**	**
Staff size				
1 - 24	**	**	**	**
25 - 49 *	$99	$95	$85	$105
50 - 99 *	$101	$100	$99	$120
100 - 249 *	$91	$98	$85	$100
250 +	**	**	**	**
Region of headquarters				
New England	**	**	**	**
Middle Atlantic	**	**	**	**
South Atlantic	**	**	**	**
North Central *	$107	$99	$85	$100
South Central	**	**	**	**
Mountain *	$100	$100	$98	$105
Pacific	**	**	**	**
Growth rate				
Fast growth *	$95	$100	$80	$125
Slow growth	$97	$95	$85	$100
Stable	**	**	**	**
Decline	**	**	**	**
Client base				
More than 50% private	$100	$100	$85	$105
50% or less private *	$96	$95	$85	$100

* Based on a relatively small sample.

** Based on a sample too small to yield meaningful values.

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TABLE 2 - 23

Comparison: Scientist billing rates

	mean	median	lower quartile	upper quartile
Overall	$84	$80	$71	$90
Firm type				
Architecture or Interiors	*	*	*	*
A/E (primarily architecture	*	*	*	*
Single-discipline Engineering	*	*	*	*
Multidiscipline Engineering **	$74	$75	$68	$80
Full-service Engineering or E/A	*	*	*	*
Environmental Consulting	$90	$90	$72	$97
Staff size				
1 - 24 **	$64	$75	$50	$80
25 - 49	*	*	*	*
50 - 99 **	$75	$90	$71	$90
100 - 249 **	$79	$75	$72	$100
250 +	*	*	*	*
Region of headquarters				
New England	*	*	*	*
Middle Atlantic	*	*	*	*
South Atlantic	*	*	*	*
North Central **	$83	$90	$68	$97
South Central	*	*	*	*
Mountain	*	*	*	*
Pacific	*	*	*	*
Growth rate				
Fast growth	*	*	*	*
Slow growth	$84	$80	$68	$97
Stable	*	*	*	*
Decline	*	*	*	*
Client base				
More than 50% private	$70	$75	$50	$80
50% or less private **	$99	$97	$80	$133

* Based on a sample too small to yield meaningful values.

** Based on a relatively small sample.

S2.9

Project managers and department heads

Issues

What are firms' billing rates for project managers?

What are firms' billing rates for department heads?

Survey Findings

- Project managers charge a median of $125 per hour. A quarter charge at least $148 per hour.
- The median hourly billing rate for department heads is $150 per hour.
- Billing rates for department heads and project managers have increased steadily over the past ten years.

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TABLE 2 - 26

Comparison: Department head billing rates

	mean	median	lower quartile	upper quartile
Overall	$143	$150	$128	$160
Firm type				
Architecture or Interiors *	$142	$150	$142	$152
A/E (primarily architecture) *	$144	$150	$125	$185
Single-discipline Engineering	**	**	**	**
Multidiscipline Engineering	$143	$145	$130	$160
Full-service Engineering or E/A	**	**	**	**
Environmental Consulting *	$142	$139	$117	$160
Staff size				
1 - 24 *	$125	$100	$95	$175
25 - 49	$154	$152	$139	$160
50 - 99	$141	$142	$125	$160
100 - 249 *	$149	$150	$133	$158
250 + *	$137	$150	$130	$152
Region of headquarters				
New England *	$158	$155	$152	$175
Middle Atlantic *	$121	$125	$115	$135
South Atlantic *	$138	$145	$125	$165
North Central	$134	$130	$125	$142
South Central *	$158	$165	$150	$175
Mountain *	$144	$150	$130	$160
Pacific *	$154	$160	$139	$165
Growth rate				
Fast growth	$154	$152	$140	$165
Slow growth	$143	$150	$125	$160
Stable *	$124	$128	$100	$139
Decline *	$140	$145	$130	$160
Client base				
More than 50% private	$139	$140	$130	$155
50% or less private	$148	$160	$125	$175

* Based on a relatively small sample.

** Based on a sample too small to yield meaningful values.

S2/12

TABLE 2 - 27

Comparison: Associate billing rates

	mean	median	lower quartile	upper quartile
Overall	$143	$135	$120	$170
Firm type				
Architecture or Interiors	$140	$125	$120	$160
A/E (primarily architecture) *	$133	$140	$109	$140
Single-discipline Engineering	**	**	**	**
Multidiscipline Engineering	$146	$140	$125	$160
Full-service Engineering or E/A	**	**	**	**
Environmental Consulting *	$153	$170	$102	$175
Staff size				
1 - 24 *	$142	$125	$120	$170
25 - 49	$141	$135	$125	$160
50 - 99	$137	$140	$109	$175
100 - 249 *	$142	$140	$125	$170
250 +	**	**	**	**
Region of headquarters				
New England *	$137	$160	$110	$175
Middle Atlantic *	$161	$160	$135	$200
South Atlantic *	$159	$170	$135	$242
North Central	$124	$120	$113	$135
South Central *	$144	$150	$125	$175
Mountain	**	**	**	**
Pacific	**	**	**	**
Growth rate				
Fast growth	$158	$160	$125	$175
Slow growth	$139	$135	$120	$170
Stable	**	**	**	**
Decline	**	**	**	**
Client base				
More than 50% private	$142	$135	$120	$170
50% or less private	$151	$140	$125	$175

* Based on a relatively small sample.

** Based on a sample too small to yield meaningful values.

S-2/13

TABLE 2 - 11

Comparison: Mechanical engineer billing rates

	mean	median	lower quartile	upper quartile
Overall	$95	$90	$90	$100
Firm type				
Architecture or Interiors	*	*	*	*
A/E (primarily architecture) **	$101	$97	$95	$102
Single-discipline Engineering	*	*	*	*
Multidiscipline Engineering **	$90	$90	$87	$90
Full-service Engineering or E/A **	$96	$105	$100	$105
Environmental Consulting **	$98	$90	$85	$95
Staff size				
1 - 24	*	*	*	*
25 - 49 **	$93	$90	$90	$100
50 - 99 **	$96	$97	$90	$105
100 - 249	*	*	*	*
250 + **	$104	$102	$95	$133
Region of headquarters				
New England	*	*	*	*
Middle Atlantic	*	*	*	*
South Atlantic	*	*	*	*
North Central	$92	$95	$85	$100
South Central	*	*	*	*
Mountain	*	*	*	*
Pacific	*	*	*	*
Growth rate				
Fast growth	*	*	*	*
Slow growth	$96	$95	$90	$100
Stable **	$90	$90	$85	$105
Decline	*	*	*	*
Client base				
More than 50% private	$92	$90	$90	$95
50% or less private **	$107	$100	$97	$120

* Based on a sample too small to yield meaningful values.

** Based on a relatively small sample.

WP Ex11.01-S2

TABLE 2 - 12

Comparison: Senior mechanical engineer billing rates

	mean	median	lower quartile	upper quartile
Overall	$128	$127	$116	$145
Firm type				
Architecture or Interiors	*	*	*	*
A/E (primarily architecture) **	$136	$145	$122	$150
Single-discipline Engineering	*	*	*	*
Multidiscipline Engineering **	$126	$135	$100	$140
Full-service Engineering or E/A **	$118	$125	$120	$127
Environmental Consulting **	$132	$131	$116	$166
Staff size				
1 - 24	*	*	*	*
25 - 49 **	$131	$127	$125	$135
50 - 99 **	$119	$122	$105	$140
100 - 249	*	*	*	*
250 +	*	*	*	*
Region of headquarters				
New England	*	*	*	*
Middle Atlantic	*	*	*	*
South Atlantic	*	*	*	*
North Central	$124	$125	$105	$131
South Central	*	*	*	*
Mountain	*	*	*	*
Pacific	*	*	*	*
Growth rate				
Fast growth	*	*	*	*
Slow growth	$133	$131	$125	$145
Stable **	$108	$116	$100	$120
Decline	*	*	*	*
Client base				
More than 50% private	$127	$125	$113	$140
50% or less private **	$139	$131	$127	$150

* Based on a sample too small to yield meaningful values.

** Based on a relatively small sample.

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TABLE 2 - 14

Comparison: Senior electrical engineer billing rates

	mean	median	lower quartile	upper quartile
Overall	$124	$120	$104	$138
Firm type				
Architecture or Interiors	*	*	*	*
A/E (primarily architecture) **	$133	$145	$125	$159
Single-discipline Engineering	*	*	*	*
Multidiscipline Engineering	$119	$115	$104	$135
Full-service Engineering or E/A **	$115	$120	$110	$120
Environmental Consulting	*	*	*	*
Staff size				
1 - 24	*	*	*	*
25 - 49 **	$127	$125	$120	$135
50 - 99 **	$111	$104	$100	$125
100 - 249 **	$125	$117	$115	$138
250 +	*	*	*	*
Region of headquarters				
New England	*	*	*	*
Middle Atlantic	*	*	*	*
South Atlantic **	$120	$125	$120	$135
North Central	$122	$120	$104	$133
South Central	*	*	*	*
Mountain	*	*	*	*
Pacific	*	*	*	*
Growth rate				
Fast growth	*	*	*	*
Slow growth	$131	$133	$117	$145
Stable **	$116	$105	$100	$120
Decline	*	*	*	*
Client base				
More than 50% private	$124	$125	$103	$145
50% or less private	$128	$120	$110	$133

* Based on a sample too small to yield meaningful values.

** Based on a relatively small sample.

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WP Ex11.01-S2.1
WP Ex12.00-S2.1

Schedule 2.1

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	CADD Technician Hours	CADD Technician Amount	Civil Engineer Hours	Civil Engineer Amount	Department Head Hours	Department Head Amount	Designer Hours	Designer Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	BELLEVILLE LAB	Water Quality					364	$ 38,067		
2		Subtotal	-	-	-	-	364	$ 38,067	-	$ -
3	CENTRAL	Engineering	787	$ 55,899	393	$ 33,321	393	$ 45,470		
4		Operations	609	$ 37,129			1,214	$ 156,128		
5		Supply Chain								
6		Water Quality					172	$ 18,338		
7		Subtotal	1,396	$ 93,028	393	$ 33,321	1,780	$ 219,936	-	$ -
8	CORP	Engineering			817	$ 61,183	491	$ 70,499	431	$ 33,299
9		Operations					187	$ 34,871		
10		Supply Chain								
11		Water Quality					306	$ 29,673		
12		Subtotal	-	$ -	817	$ 61,183	985	$ 135,044	431	$ 33,299
13		**Total**	**1,396**	**$ 93,028**	**1,210**	**$ 94,504**	**3,129**	**$ 393,047**	**431**	**$ 33,299**
14		**Time Distribution**	4%		3%		8%		1%	
15		**Average Rate per Hour**		$ 67		$ 78		$ 126		$ 77

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Drafter Hours	Drafter Amount	Electrical Engineer Hours	Electrical Engineer Amount	Planner Hours	Planner Amount	Project Manager Hours	Project Manager Amount
	(A)	(B)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
1	BELLEVILLE LAB	Water Quality								
2		Subtotal	-	$ -	-	$ -	-	$ -	-	$ -
3	CENTRAL	Engineering							393	$ 47,862
4		Operations			609	$ 42,440	870	$ 64,254	609	$ 49,250
5		Supply Chain					476	$ 26,371	476	$ 50,509
6		Water Quality								
7		Subtotal	-	$ -	609	$ 42,440	1,346	$ 90,625	1,479	$ 147,621
8	CORP	Engineering	161	$ 8,295			434	$ 30,575	643	$ 67,886
9		Operations					679	$ 46,147	1,072	$ 125,584
10		Supply Chain					2,577	$ 168,630	2,062	$ 192,010
11		Water Quality								
12		Subtotal	161	$ 8,295	-	$ -	3,690	$ 245,352	3,777	$ 385,481
13		**Total**	**161**	**$ 8,295**	**609**	**$ 42,440**	**5,036**	**$ 335,977**	**5,255**	**$ 533,101**
14		**Time Distribution**	**0%**		**2%**		**13%**		**14%**	
15		**Average Rate per Hour**		**$ 52**		**$ 70**		**$ 67**		**$ 101**

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Scientist Hours	Scientist Amount	Senior Civil Engineer Hours	Senior Civil Engineer Amount	Senior Scientist Hours	Senior Scientist Amount	Associate Hours	Associate Amount
	(A)	(B)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	(Z)
1	BELLEVILLE LAB	Water Quality	3,637	$ 257,465			909	$ 81,301	182	$ 30,122
2		Subtotal	3,637	$ 257,465	-	$ -	909	$ 81,301	182	$ 30,122
3	CENTRAL	Engineering			787	$ 73,622				
4		Operations			325	$ 33,025	870	$ 93,402		
5		Supply Chain								
6		Water Quality								
7		Subtotal	-	$ -	1,112	$ 106,646	870	$ 93,402	-	$ -
8	CORP	Engineering			2,686	$ 268,154				
9		Operations							172	$ 26,338
10		Supply Chain							172	$ 26,730
11		Water Quality	613	$ 23,768	306	$ 28,468	1,226	$ 79,603		
12		Subtotal	613	$ 23,768	2,993	$ 296,622	1,226	$ 79,603	344	$ 53,068
13		**Total**	**4,250**	**$ 281,233**	**4,105**	**$ 403,268**	**3,005**	**$ 254,306**	**526**	**$ 83,189**
14		**Time Distribution**	**11%**		**11%**		**8%**		**1%**	
15		**Average Rate per Hour**		**$ 66**		**$ 98**		**$ 85**		**$ 158**

Footnote
[1] Schedule 2.1 Prepared by Service Company

Illinois-American Water Company
Market Analysis - Engineering Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Mechanical Engineer Hours	Mechanical Engineer Amount	Senior Mechanical Engineer Hours	Senior Mechanical Engineer Amount	Senior Electrical Engineer Hours	Senior Electrical Engineer Amount	Engineering Services Total Hours	Engineering Services Total Amount
	(A)	(B)	(AA)	(AB)	(AC)	(AD)	(AE)	(AF)	(AG)	(AH)
1	BELLEVILLE LAB	Water Quality							5,092	$ 406,954
2		Subtotal	-	$ -	-	$ -	-	$ -	5,092	$ 406,954
3	CENTRAL	Engineering							2,754	$ 256,173
4		Operations	6,700	$ 380,149	609	$ 59,001	1,218	$ 109,165	13,633	$ 1,023,943
5		Supply Chain							952	$ 76,880
6		Water Quality							172	$ 18,338
7		Subtotal	6,700	$ 380,149	609	$ 59,001	1,218	$ 109,165	17,512	$ 1,375,335
8	CORP	Engineering							5,663	$ 539,891
9		Operations							2,111	$ 232,941
10		Supply Chain							4,810	$ 387,370
11		Water Quality							2,452	$ 161,512
12		Subtotal	-	$ -	-	$ -	-	$ -	15,036	$ 1,321,714
13		**Total**	**6,700**	**$ 380,149**	**609**	**$ 59,001**	**1,218**	**$ 109,165**	**37,640**	**$ 3,104,003**
14		**Time Distribution**	**18%**		**2%**		**3%**		**100%**	
15		**Average Rate per Hour**		**$ 57**		**$ 97**		**$ 90**		**$ 82**

Footnote
[1] Schedule 2.1 Prepared by Service Company

WP Ex11.01-S2.2
WP Ex12.00-S2.2

Schedule 2.2

WP Ex11.01-S2.2
WP Ex12.00-S2.2

Illinois-American Water Company
Market Analysis - Engineering Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)		(C)	(D)		(E)
1	Firm #1	Engineer I/II	[a]	$84	1.01802	[b]	$86
2		Engineer III	[a]	$98	1.01802	[b]	$100
3		Engineer IV	[a]	$118	1.01802	[b]	$120
4		Engineer V	[a]	$134	1.01802	[b]	$136
5		Engineer VI	[a]	$162	1.01802	[b]	$165
6		Engineer VII	[a]	$169	1.01802	[b]	$172
7		Engineer VIII	[a]	$174	1.01802	[b]	$177
8		Project Manager	[a]	$160	1.01802	[b]	$163
9		Senior Technician	[a]	$96	1.01802	[b]	$98
10		Mid-Level Technician	[a]	$82	1.01802	[b]	$83
11		Technician	[a]	$65	1.01802	[b]	$66
12		Pipeline Inspector	[a]	$82	1.01802	[b]	$83
13		Principal/Executive	[a]	$185	1.01802	[b]	$188
14		Schedule Engineer	[a]	$98	1.01802	[b]	$100
15		Cost Engineer	[a]	$118	1.01802	[b]	$120
16		Senior Process Specialist	[a]	$192	1.01802	[b]	$195
17		Process Specialist	[a]	$177	1.01802	[b]	$180
18	Firm #2	Field Service Technician Work	[a]	$110	1.01802	[b]	$112
19		Project Design & RTU/PLC Configuration	[a]	$125	1.01802	[b]	$127
20		Engineering & Project Management	[a]	$125	1.01802	[b]	$127
21		SCADA HMI Programming	[a]	$125	1.01802	[b]	$127
22	Firm #3	Drafting	[a]	$75	1.01802	[b]	$76
23		Control Technician	[a]	$85	1.01802	[b]	$87
24		Systems/Computer Programmer	[a]	$95	1.01802	[b]	$97
25		Project Engineer	[a]	$105	1.01802	[b]	$107
26		Computer Software Engineer	[a]	$105	1.01802	[b]	$107
27		Senior Engineer/Specialist	[a]	$125	1.01802	[b]	$127
28		Project Manager	[a]	$165	1.01802	[b]	$168
29	Firm #4	Service Technician	[a]	$105	1.05710	[c]	$111
30		Project Design & RTU/PLC Configuration	[a]	$110	1.05710	[c]	$116
31		Panel Building	[a]	$95	1.05710	[c]	$100
32		Engineering & Project Management	[a]	$125	1.05710	[c]	$132
33	Firm #5	Senior Project Manager	[a]	$130	1.05710	[c]	$137
34		Engineer	[a]	$85	1.05710	[c]	$90
35		Senior Engineer	[a]	$90	1.05710	[c]	$95
36		Project Engineer	[a]	$115	1.05710	[c]	$122
37		Technician/CADD	[a]	$70	1.05710	[c]	$74
38	Firm #6	Principal	[a]	$200	1.05710	[c]	$211
39		Project Manager	[a]	$150	1.05710	[c]	$159
40		Engineer VI	[a]	$140	1.05710	[c]	$148
41		Engineer V	[a]	$115	1.05710	[c]	$122
42		Engineer IV	[a]	$105	1.05710	[c]	$111
43		Engineer III	[a]	$96	1.05710	[c]	$101
44		Senior Technician	[a]	$90	1.05710	[c]	$95
45		Technician	[a]	$65	1.05710	[c]	$69
46	Firm #7	Principal Consultant	[a]	$200	1.01802	[b]	$204
47		Project Director	[a]	$185	1.01802	[b]	$188
48		Senior Project Manager	[a]	$130 - $150	1.01802	[b]	$132 - $152
49		Project Manager	[a]	$115 - $130	1.01802	[b]	$117 - $132
50		Senior Engineer	[a]	$135	1.01802	[b]	$137
51		Senior Consultant	[a]	$100 - $115	1.01802	[b]	$102 - $117
52		Staff Engineer I	[a]	$80	1.01802	[b]	$81
53		Staff Engineer II	[a]	$90	1.01802	[b]	$92
54		Staff Engineer III	[a]	$100	1.01802	[b]	$102
55		Engineer Technician Grade I	[a]	$75	1.01802	[b]	$76
56		Engineer Technician Grade II	[a]	$85	1.01802	[b]	$87
57		Senior Program Manager	[a]	$150	1.01802	[b]	$153
58		Project Consultant	[a]	$90	1.01802	[b]	$92
59		Production Specialist	[a]	$75 - $85	1.01802	[b]	$76 - $87
60		Senior Environmental Planner	[a]	$90 - $110	1.01802	[b]	$92 - $112
61		Environmental Analyst/Planner	[a]	$75 - $90	1.01802	[b]	$76 - $92
62		Document Manager	[a]	$70 - $75	1.01802	[b]	$71 - $76

WP Ex11.01-S2.2
WP Ex12.00-S2.2

Illinois-American Water Company
Market Analysis - Engineering Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)		(C)	(D)		(E)
63	Firm #8	Project Manager and/or Industrial Hygiene Technician	[a]	$75	1.01802	[b]	$76
64		Field Work by Certified Industrial Hygienist	[a]	$125	1.01802	[b]	$127
65		Report Preparation by Certified Industrial Hygienist	[a]	$145	1.01802	[b]	$148
66		Consulting / Expert Witness Testimony by Cert Ind Hyg	[a]	$175	1.01802	[b]	$178

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 11

WP Ex11.01-S3

Schedule 3

WP Ex11.01-S3

Illinois-American Water Company
Market Analysis - Information Technology Services

Line No.	Professional Classification [a]	Calculated Market Rate: All Companies [b]	Calculated Market Rate: Middle Atlantic (Philadelphia) [c]	Adjusted 2010 Rate [d]	Time Distribution by Professional Classification [e]	Weighted Average Market Rate [f]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Director of Client Services	$ 207	$ 219	$ 223	0.4%	$ 1
2	Director of IT Operations	198	210	213	0.4%	1
3	Director of Systems Development	200	212	215	0.4%	1
4	Manager of Data Center Operations	141	150	153	0.4%	1
5	Manager of Information Security	140	148	151	0.4%	1
6	Manager of IT Finance	140	148	151	0.4%	1
7	Manager of Systems Development	169	179	182	3.1%	6
8	Manager of Technical Support	139	148	150	3.4%	5
9	Manager of Telecommunications	150	159	162	0.4%	1
10	Senior IT Trainer	121	128	131	4.3%	6
11	Senior Project Manager	158	167	170	1.8%	3
12	Application programmer II	105	110	112	6.2%	7
13	Application programmer III	126	132	135	3.1%	4
14	Business Systems Analyst II	99	104	106	4.0%	4
15	Business Systems Analyst III	119	125	128	5.4%	7
16	Quality Assurance Analyst II	88	92	94	4.0%	4
17	Senior Data Warehouse Analyst	144	152	154	0.4%	1
18	Senior Database Administrator	142	149	152	2.7%	4
19	Senior Technical Architect	159	167	170	2.7%	5
20	Senior Customer Relationship Manager	135	141	144	8.2%	12
21	Web Application Developer III	132	138	141	0.4%	1
22	Computer Operator I	53	56	57	0.8%	-
23	Computer Operator III	74	78	79	1.7%	1
24	Help Desk Representative I	63	66	67	1.2%	1
25	Help Desk Representative II	74	77	79	1.6%	1
26	Help Desk Representative III	89	93	95	0.8%	1
27	Production Control Analyst II	92	96	98	0.4%	-
28	Shift Supervisor, Data Center Operations	114	120	122	0.8%	1
29	Technical Support Analyst I	81	85	87	8.8%	8
30	Technical Support Analyst II	102	107	109	6.3%	7
31	Technical Support Analyst III	115	120	122	2.4%	3
32	Information Security Analyst II	112	118	120	1.3%	2
33	Information Security Analyst III	135	142	144	2.2%	3
34	Network Administrator III	115	121	123	2.2%	3
35	Systems Administrator II	113	118	120	2.6%	3
36	Systems Administrator III	136	142	145	2.6%	4
37	Systems Programmer II	106	111	113	0.4%	1
38	Telecommunications Support Analyst III	120	126	128	1.3%	2
39	Test Engineer II	101	106	108	1.3%	1
40	Unix System Administrator III	133	140	142	3.0%	4
41	Webmaster	116	121	123	0.9%	1
42	Director, IT Process and Change Mgmt [g]	179	195	206 [1]	0.5%	1
43	Configuration Mgmt Analyst [g]	101	119	126 [1]	0.5%	1
44	Project Manager [g]	144	147	155 [1]	1.8%	3
45	Director Program Management [g]	184	181	192 [1]	0.4%	1
46	Project Leader [g]	128	130	137 [1]	0.4%	1
47	Release/Build Engineer [g]	119	108	114 [1]	0.4%	-
48	Total				100%	$ 130

WP Ex11.01-S3

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [e]	Rate: Market [h]	AWWSC Rate Above/(Below) Market Rate [i]
	(A)	(B)	(C)	(D)
49	Director of Client Services	$ 130	$ 223	$ (93)
50	Director of IT Operations	199	213	(14)
51	Director of Systems Development	164	215	(52)
52	Manager of Data Center Operations	105	153	(48)
53	Manager of Information Security	102	151	(49)
54	Manager of IT Finance	243	151	92
55	Manager of Systems Development	124	182	(58)
56	Manager of Technical Support	100	150	(50)
57	Manager of Telecommunications	107	162	(55)
58	Senior IT Trainer	77	131	(54)
59	Senior Project Manager	123	170	(47)
60	Application programmer II	98	112	(14)
61	Application programmer III	112	135	(23)
62	Business Systems Analyst II	83	106	(23)
63	Business Systems Analyst III	95	128	(33)
64	Quality Assurance Analyst II	62	94	(32)
65	Senior Data Warehouse Analyst	102	154	(52)
66	Senior Database Administrator	100	152	(51)
67	Senior Technical Architect	114	170	(56)
68	Senior Customer Relationship Manager	87	144	(57)
69	Web Application Developer III	131	141	(10)
70	Computer Operator I	41	57	(16)
71	Computer Operator III	52	79	(27)
72	Help Desk Representative I	51	67	(16)
73	Help Desk Representative II	66	79	(13)
74	Help Desk Representative III	57	95	(38)
75	Production Control Analyst II	128	98	30
76	Shift Supervisor, Data Center Operations	66	122	(56)
77	Technical Support Analyst I	55	87	(32)
78	Technical Support Analyst II	71	109	(38)
79	Technical Support Analyst III	80	122	(43)
80	Information Security Analyst II	98	120	(22)
81	Information Security Analyst III	109	144	(35)
82	Network Administrator III	98	123	(25)
83	Systems Administrator II	122	120	1
84	Systems Administrator III	104	145	(41)
85	Systems Programmer II	75	113	(37)
86	Telecommunications Support Analyst III	81	128	(46)
87	Test Engineer II	97	108	(11)
88	Unix System Administrator III	123	142	(19)
89	Webmaster	115	123	(9)
90	Director, IT Process and Change Mgmt [g]	127	206	(79)
91	Configuration Mgmt Analyst [g]	94	126	(32)
92	Project Manager [g]	102	155	(54)
93	Director Program Management [g]	142	192	(49)
94	Project Leader [g]	100	137	(37)
95	Release/Build Engineer [g]	37	114	(76)

Source

[a] 2008 Computer Economics IT Salary Report
[b] Schedule 3.2 - Column D
[c] Schedule 3.2 - Column G
[d] Column C x 1.01802 (Schedule 6, Line 14)
[e] Schedule 3.1
[f] Column D x Column E
[g] 2008 Gartner IT Market Compensation Study
[h] Schedule 3, Column D Above
[i] Column B - Column C

Footnote

[1] Rate escalated using a factor of 1.0571 (Schedule 6, Line 11) due to the Gartner Study containing 2007 data

WP Ex11.01-S3.1
WP Ex12.00-S3.1

Schedule 3.1

WP Ex11.01-S3.1
WP Ex12.00-S3.1

Illinois-American Water Company
Market Analysis - Information Technology Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Professional Classification	Hours	Amount	Time Distribution	Average Rate per Hour
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	ITS	ITS	Project Manager	672	$ 68,234	1.8%	$ 102
2	ITS	ITS	Webmaster	333	$ 38,111	0.9%	$ 115
3	Central	Customer Service	Technical Support Analyst III	743	$ 56,171		
4	ITS	ITS	Technical Support Analyst III	168	$ 16,666		
5		Subtotal		911	$ 72,837	2.4%	$ 80
6	Central	Customer Service	Manager of Technical Support	1,114	$ 101,277		
7	ITS	ITS	Manager of Technical Support	163	$ 26,417		
8		Subtotal		1,278	$ 127,693	3.4%	$ 100
9	Central	Customer Service	Technical Support Analyst I	2,972	$ 163,510		
10	ITS	Business Services	Technical Support Analyst I	326	$ 18,809		
11		Subtotal		3,297	$ 182,319	8.8%	$ 55
12	Central	Customer Service	Technical Support Analyst II	2,229	$ 156,635		
13	ITS	ITS	Technical Support Analyst II	154	$ 11,553		
14		Subtotal		2,382	$ 168,188	6.3%	$ 71
15	ITS	ITS	Director of Client Services	167	$ 21,702	0.4%	$ 130
16	ITS	ITS	Helpdesk Representative III	307	$ 17,436	0.8%	$ 57
17	ITS	ITS	Help Desk Rep I	461	$ 23,504	1.2%	$ 51
18	ITS	ITS	Help Desk Rep II	614	$ 40,677	1.6%	$ 66
19	ITS	ITS	System Administrator III	991	$ 103,233	2.6%	$ 104
20	ITS	ITS	Manager of Information Security	169	$ 17,226	0.4%	$ 102
21	ITS	ITS	Systems Programmer II	169	$ 12,735	0.4%	$ 75
22	ITS	ITS	Senior Data Warehouse Analyst	169	$ 17,226	0.4%	$ 102
23	ITS	ITS	Manager of IT Finance	166	$ 40,189	0.4%	$ 243
24	ITS	ITS	Senior Project Manager	672	$ 82,413	1.8%	$ 123
25	ITS	ITS	Director of IT Operations	169	$ 33,642	0.4%	$ 199
26	ITS	ITS	Computer Operator I	320	$ 13,114	0.8%	$ 41
27	ITS	ITS	Shift Supervisor Data Center Ops	320	$ 21,137	0.8%	$ 66
28	ITS	ITS	Manager Data Center Operations	160	$ 16,755	0.4%	$ 105
29	ITS	ITS	Computer Operator III	639	$ 33,139	1.7%	$ 52
30	ITS	ITS	Network Administrator III	837	$ 82,248	2.2%	$ 98
31	ITS	ITS	System Administrator II	980	$ 119,253	2.6%	$ 122
32	ITS	ITS	Unix Systems Administrator III	1,143	$ 140,329	3.0%	$ 123
33	ITS	ITS	Telecommunication Support Analyst III	505	$ 41,146	1.3%	$ 81
34	ITS	ITS	Manager of Telecommunications	168	$ 17,988	0.4%	$ 107
35	ITS	ITS	Director of System Development	168	$ 27,590	0.4%	$ 164
36	ITS	ITS	Manager of Systems Development	1,178	$ 146,234	3.1%	$ 124
37	ITS	ITS	Application Programmer III	1,180	$ 131,677	3.1%	$ 112
38	ITS	ITS	Web Application Developer III	166	$ 21,787	0.4%	$ 131
39	ITS	ITS	Business Systems Analyst II	1,495	$ 123,542	4.0%	$ 83
40	ITS	ITS	Business Systems Analyst III	2,016	$ 190,661	5.4%	$ 95
41	ITS	ITS	Application Programmer II	2,318	$ 226,425	6.2%	$ 98
42	ITS	ITS	Quality Assurance Analyst II	1,517	$ 93,845	4.0%	$ 62
43	ITS	ITS	Senior Customer Relationship Mgr	3,101	$ 269,061	8.2%	$ 87
44	ITS	Business Services	Senior IT Trainer	1,629	$ 125,364	4.3%	$ 77
45	ITS	ITS	Production Control Analyst II	169	$ 21,572	0.4%	$ 128
46	ITS	ITS	Senior Technical Architect	1,014	$ 115,521	2.7%	$ 114
47	ITS	ITS	Release Build Engineer	154	$ 5,720	0.4%	$ 37
48	ITS	ITS	Confg Management Analyst	170	$ 15,930	0.5%	$ 94
49	ITS	ITS	Dir IT Process and Change Mgt	170	$ 21,571	0.5%	$ 127
50	ITS	ITS	Director Program Management	168	$ 23,899	0.4%	$ 142
51	ITS	ITS	Project Leader	168	$ 16,835	0.4%	$ 100
52	ITS	ITS	Senior Database Administrator	1,005	$ 100,913	2.7%	$ 100
53	ITS	ITS	Information Security Analyst III	837	$ 91,237	2.2%	$ 109
54	ITS	ITS	Test Engineer II	505	$ 49,072	1.3%	$ 97
55	ITS	ITS	Information Security Analyst II	499	$ 48,972	1.3%	$ 98
56		Total	Information Technology Services	37,629	$ 3,419,899	100.0%	$ 91

Footnote
[1] Schedule 3.1 Prepared by Service Company

WP Ex11.01-S3.2

Schedule 3.2

Illinois-American Water Company
Market Analysis - Information Technology Services (Detail)

Line No.	Professional Classification [a]	All Companies: Survey Median Salary [a]	All Companies: Calculated Median Rate per Hour [b]	All Companies: Calculated Market Rate per Hour [c]	Middle Atlantic (Philadelphia): Median Salary [a]	Middle Atlantic (Philadelphia): Calculated Median Rate per Hour [d]	Middle Atlantic (Philadelphia): Calculated Market Rate per Hour [e]	Time Distribution by Professional Classification [f]	Weighted Average Market Rate [g]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Director of Client Services	$ 143,564	$ 69	$ 207	152,097	$ 73	$ 219	0.4%	$ 1
2	Director of IT Operations	137,166	66	198	145,319	70	210	0.4%	1
3	Director of Systems Development	138,523	67	200	146,746	71	212	0.4%	1
4	Manager of Data Center Operations	98,051	47	141	103,879	50	150	0.4%	1
5	Manager of Information Security	96,903	47	140	102,663	49	148	0.4%	1
6	Manager of IT Finance	97,056	47	140	102,825	49	148	0.4%	1
7	Manager of Systems Development	117,070	56	169	124,029	60	179	3.1%	6
8	Manager of Technical Support	96,686	46	139	102,433	49	148	3.4%	5
9	Manager of Telecommunications	103,985	50	150	110,166	53	159	0.4%	1
10	Senior IT Trainer	83,972	40	121	88,963	43	128	4.3%	6
11	Senior Project Manager	109,360	53	158	115,860	56	167	1.8%	3
12	Application programmer II	72,518	35	105	76,101	37	110	6.2%	7
13	Application programmer III	87,371	42	126	91,688	44	132	3.1%	4
14	Business Systems Analyst II	68,729	33	99	72,126	35	104	4.0%	4
15	Business Systems Analyst III	82,806	40	119	86,898	42	125	5.4%	7
16	Quality Assurance Analyst II	60,930	29	88	63,941	31	92	4.0%	4
17	Senior Data Warehouse Analyst	100,138	48	144	105,090	51	152	0.4%	1
18	Senior Database Administrator	98,545	47	142	103,414	50	149	2.7%	4
19	Senior Technical Architect	110,292	53	159	115,737	56	167	2.7%	4
20	Senior Customer Relationship Manager	93,359	45	135	97,972	47	141	8.2%	12
21	Web Application Developer III	91,472	44	132	95,988	46	138	0.4%	1
22	Computer Operator I	36,882	18	53	38,708	19	56	0.8%	0
23	Computer Operator III	51,224	25	74	53,761	26	78	1.7%	1
24	Help Desk Representative I	43,786	21	63	45,951	22	66	1.2%	1
25	Help Desk Representative II	51,186	25	74	53,717	26	77	1.6%	1
26	Help Desk Representative III	61,670	30	89	64,720	31	93	0.8%	1
27	Production Control Analyst II	63,650	31	92	66,802	32	96	0.4%	0
28	Shift Supervisor, Data Center Operations	78,230	38	114	83,154	40	120	0.8%	1
29	Technical Support Analyst I	56,413	27	81	59,198	28	85	8.8%	7
30	Technical Support Analyst II	70,728	34	102	74,219	36	107	6.3%	7
31	Technical Support Analyst III	79,455	38	115	83,377	40	120	2.4%	3
32	Information Security Analyst II	77,763	37	112	81,602	39	118	1.3%	2
33	Information Security Analyst III	93,690	45	135	98,316	47	142	2.2%	3
34	Network Administrator III	79,918	38	115	83,866	40	121	2.2%	3
35	Systems Administrator II	78,104	38	113	81,961	39	118	2.6%	3
36	Systems Administrator III	94,101	45	136	98,748	47	142	2.6%	4
37	Systems Programmer II	73,153	35	106	76,766	37	111	0.4%	0
38	Telecommunications Support Analyst III	82,996	40	120	87,096	42	126	1.3%	2
39	Test Engineer II	69,939	34	101	73,393	35	106	1.3%	1
40	Unix System Administrator III	92,308	44	133	96,867	47	140	3.0%	4
41	Webmaster	80,107	39	116	84,062	40	121	0.9%	1
42	Director, IT Process and Change Mgmt [h]	124,000	60	179	135,300	65	195	0.5%	1
43	Configuration Mgmt Analyst [h]	70,000	34	101	82,400	40	119	0.5%	1
44	Project Manager [h]	100,000	48	144	101,900	49	147	1.8%	3
45	Director Program Management [h]	127,800	61	184	125,700	60	181	0.4%	1
46	Project Leader [h]	89,000	43	128	90,000	43	130	0.4%	1
47	Release Build Engineer [h]	82,700	40	119	74,600	36	108	0.4%	0
48	Total							100%	$ 124

Source
[a] 2008 Computer Economics IT Salary Report
[b] Column B ÷ 2,080
[c] Column C x 3
[d] Column E ÷ 2,080
[e] Column F x 3
[f] Schedule 3.1
[g] Column G x Column H
[h] 2008 Gartner IT Market Compensation Study

WP Ex11.01-S3.2

Director of Client Services

The Director of Client Services is responsible for developing and maintaining close relationships with end user organizations. This individual typically directs the efforts of customer relationship managers and business analysts responsible for overseeing changes to existing applications, and coordinating new development projects with business unit personnel. The Director of Client Services may be responsible for establishing, auditing, and reporting on service level agreements between the information systems organizations and each business unit. This individual is also responsible for acting as the chief advocate for each business unit on technology issues. The Director of Client Services must have a strong understanding of programming techniques and must stay abreast of emerging technologies and application systems. Formal project management training is required. This position requires a bachelor's degree in a related area and 10 years experience in the IT field, with at least 6 years in a senior business analyst or relationship management role. The Director of Client Services typically reports to the CIO.

Director of Client Services: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$86,894	$115,859	$138,451	$89,413	$125,933	$158,676	$101,930	$143,564	$176,584
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	95,351	127,135	151,926	98,115	138,190	174,119	111,851	157,537	193,770
Hartford, Conn.	93,617	124,823	149,164	96,331	135,677	170,954	109,817	154,672	190,247
Providence, R.I.-Fall River, Mass.	94,484	125,979	150,545	97,223	136,934	172,536	110,834	156,104	192,008
Springfield, Mass.	90,150	120,200	143,639	92,763	130,652	164,622	105,750	148,944	183,201
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	79,032	105,376	125,924	81,323	114,539	144,319	92,708	130,574	160,606
Johnstown, Pa.	74,689	99,586	119,005	76,854	108,245	136,389	87,614	123,400	151,782
New York, N.Y.-Northern New Jersey	99,007	132,009	157,751	101,877	143,488	180,795	116,139	163,576	201,199
Philadelphia, Pa.-Atlantic City, N.J.	92,059	122,745	146,681	94,727	133,419	168,108	107,989	152,097	187,080
Pittsburgh, Pa.	86,848	115,797	138,378	89,365	125,867	158,592	101,877	143,488	176,490
Reading, Pa.	91,190	121,587	145,297	93,834	132,160	166,522	106,970	150,663	185,315
Rochester, N.Y.	77,295	103,060	123,156	79,535	112,021	141,147	90,670	127,704	157,076
York, Pa.	88,585	118,113	141,145	91,153	128,384	161,764	103,914	146,358	180,020
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	89,175	118,900	142,086	91,760	129,239	162,842	104,606	147,333	181,219

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WP Ex11.01-S3.2

Director of IT Operations

The Director of IT Operations is responsible for all data center, network, and remote operations under the control of the information systems organization. This may include all or any of the following: computer operations, network operations, systems programming, security, telecommunications, and facilities management. Significant knowledge and experience in project management and computer and network management tools and techniques is required. This individual provides overall management and direction to all operations personnel and is a key executive member of the senior IT staff. This position requires a bachelor's degree in a related area and a minimum of 10 years experience in the IT field, with at least 6 years in a management capacity. The Director of IT Operations usually reports to the CIO or VP of IT.

Director of IT Operations: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$83,021	$110,695	$132,281	$85,428	$120,321	$151,604	$97,388	$137,166	$168,714
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	91,102	121,469	145,155	93,742	132,031	166,359	106,866	150,516	185,134
Hartford, Conn.	89,445	119,260	142,516	92,038	129,631	163,335	104,923	147,779	181,768
Providence, R.I.-Fall River, Mass.	90,273	120,364	143,836	92,890	130,831	164,847	105,895	149,147	183,451
Springfield, Mass.	86,132	114,843	137,238	88,629	124,830	157,285	101,037	142,306	175,036
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	75,510	100,679	120,312	77,698	109,434	137,887	88,576	124,755	153,448
Johnstown, Pa.	71,361	95,148	113,701	73,429	103,421	130,311	83,709	117,900	145,017
New York, N.Y.-Northern New Jersey	94,594	126,126	150,720	97,336	137,093	172,738	110,963	156,286	192,232
Philadelphia, Pa.-Atlantic City, N.J.	87,956	117,275	140,143	90,506	127,473	160,616	103,176	145,319	178,742
Pittsburgh, Pa.	82,978	110,637	132,211	85,383	120,257	151,524	97,336	137,093	168,625
Reading, Pa.	87,126	116,169	138,821	89,652	126,270	159,100	102,203	143,948	177,056
Rochester, N.Y.	73,850	98,467	117,668	75,991	107,029	134,856	86,629	122,013	150,076
York, Pa.	84,637	112,849	134,855	87,090	122,662	154,555	99,283	139,835	171,997
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	85,201	113,601	135,753	87,670	123,479	155,584	99,944	140,767	173,143
Augusta, Ga.-Aiken, S.C.	74,342	99,123	118,451	76,497	107,742	135,755	87,206	122,826	151,076
Charleston, S.C.	81,860	109,146	130,430	84,232	118,637	149,483	96,025	135,246	166,353

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WP Ex11.01-S3.2

Director of Systems Development

The Director of Systems Development is responsible for all systems analysis and development functions under the control of the IT organization. This includes reviewing, planning, directing, and reporting on all system development projects for each business unit in the corporation. Significant knowledge of and experience in project management and system development tools and techniques is required. This individual provides overall management and direction to all systems development personnel, and is a key executive member of the senior IT staff. This position requires a bachelor's degree in a related area and a minimum of 10 years experience in the IT field, with at least six years in a management capacity. The Director of Systems Development usually reports to the CIO or VP of IT.

Director of Systems Development: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$83,843	$111,790	$133,590	$86,273	$121,511	$153,104	$98,351	$138,523	$170,383
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	91,972	122,630	146,542	94,638	133,293	167,949	107,887	151,954	186,903
Hartford, Conn.	90,300	120,400	143,878	92,917	130,869	164,896	105,926	149,191	183,505
Providence, R.I.-Fall River, Mass.	91,136	121,515	145,210	93,778	132,081	166,422	106,907	150,573	185,204
Springfield, Mass.	86,955	115,941	138,549	89,476	126,022	158,788	102,003	143,666	176,709
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	76,251	101,668	121,493	78,461	110,509	139,241	89,446	125,980	154,956
Johnstown, Pa.	72,061	96,082	114,818	74,150	104,437	131,591	84,531	119,058	146,441
New York, N.Y.-Northern New Jersey	95,523	127,364	152,201	98,292	138,440	174,434	112,053	157,821	194,120
Philadelphia, Pa.-Atlantic City, N.J.	88,820	118,427	141,520	91,394	128,725	162,193	104,190	146,746	180,498
Pittsburgh, Pa.	83,792	111,723	133,509	86,221	121,438	153,012	98,292	138,440	170,281
Reading, Pa.	87,982	117,309	140,185	90,532	127,510	160,663	103,207	145,362	178,795
Rochester, N.Y.	74,575	99,434	118,823	76,737	108,080	136,181	87,480	123,211	151,550
York, Pa.	85,468	113,958	136,179	87,946	123,867	156,073	100,258	141,208	173,686
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	86,116	114,821	137,211	88,612	124,806	157,255	101,018	142,278	175,002
Augusta, Ga.-Aiken, S.C.	75,140	100,187	119,724	77,318	108,899	137,213	88,143	124,145	152,698
Charleston, S.C.	82,739	110,318	131,830	85,137	119,911	151,088	97,056	136,699	168,140

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WP Ex11.01-S3.2

Manager of Data Center Operations

The Manager of Data Center Operations is responsible for the ongoing management of the corporate data center environment. This individual ensures that all production schedules are adhered to at all times and takes appropriate corrective action to ensure that the highest service levels achievable are maintained. The Manager of Data Center Operations establishes operational policies and procedures, and is responsible for the physical security of all information and equipment housed in the data center. This position typically requires a bachelor's degree in a related area and at least eight years experience in computer operations, with four years in a supervisory capacity. The Manager of Data Center Operations usually reports to the Director of IT Operations, and in some organizations may report directly to the CIO.

Manager of Data Center Operations: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$59,346	$79,129	$94,559	$61,067	$86,009	$108,372	$69,616	$98,051	$120,602
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	65,122	86,830	103,762	67,010	94,380	118,919	76,391	107,594	132,340
Hartford, Conn.	63,938	85,251	101,875	65,792	92,664	116,757	75,002	105,637	129,934
Providence, R.I.-Fall River, Mass.	64,530	86,040	102,818	66,401	93,522	117,838	75,697	106,615	131,137
Springfield, Mass.	61,570	82,094	98,102	63,355	89,232	112,433	72,225	101,725	125,121
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	53,977	71,969	86,003	55,541	78,227	98,566	63,317	89,179	109,690
Johnstown, Pa.	51,011	68,015	81,277	52,490	73,929	93,150	59,838	84,279	103,663
New York, N.Y.-Northern New Jersey	67,619	90,159	107,740	69,579	97,999	123,478	79,320	111,719	137,414
Philadelphia, Pa.-Atlantic City, N.J.	62,874	83,832	100,179	64,696	91,122	114,813	73,754	103,879	127,771
Pittsburgh, Pa.	59,315	79,087	94,509	61,034	85,964	108,314	69,579	97,999	120,539
Reading, Pa.	62,281	83,041	99,234	64,086	90,262	113,730	73,058	102,899	126,565
Rochester, N.Y.	52,790	70,387	84,113	54,321	76,508	96,400	61,925	87,219	107,279
York, Pa.	60,501	80,668	96,399	62,255	87,683	110,481	70,971	99,959	122,949
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	60,904	81,206	97,041	62,670	88,267	111,217	71,443	100,625	123,768
Augusta, Ga.-Aiken, S.C.	53,142	70,856	84,673	54,682	77,017	97,042	62,338	87,800	107,994
Charleston, S.C.	58,516	78,021	93,235	60,212	84,806	106,855	68,642	96,679	118,915

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WP Ex11.01-S3.2

Manager of Information Security

The Manager of Information Security is responsible for ensuring that all corporate data and systems are protected from unauthorized access or use—from both internal and external threats. This individual monitors, investigates, and reports security violations to senior management on a regular basis. The Manager of Information Security assists in the establishment of the corporate IT security policy, and applies continuous improvement techniques to maintain the highest level of security required. This individual must be an expert in IT security tools and techniques. The Manager of Information Security directs the efforts of IT security personnel and provides guidance on security issues to personnel across the corporation. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with four years in a senior security analyst role. The Manager of Information Security usually reports to a senior director or the CIO.

Manager of Information Security: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$58,652	$78,202	$93,452	$60,352	$85,003	$107,103	$68,801	$96,903	$119,191
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	64,360	85,814	102,547	66,226	93,276	117,527	75,497	106,334	130,791
Hartford, Conn.	63,190	84,253	100,683	65,022	91,580	115,390	74,125	104,401	128,413
Providence, R.I.-Fall River, Mass.	63,775	85,033	101,615	65,624	92,428	116,459	74,811	105,368	129,602
Springfield, Mass.	60,850	81,133	96,954	62,613	88,188	111,117	71,379	100,534	123,657
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	53,345	71,127	84,996	54,891	77,312	97,413	62,576	88,135	108,406
Johnstown, Pa.	50,414	67,219	80,326	51,875	73,064	92,060	59,138	83,293	102,450
New York, N.Y.-Northern New Jersey	66,828	89,104	106,479	68,765	96,852	122,033	78,392	[illegible]	135,806
Philadelphia, Pa.-Atlantic City, N.J.	62,138	82,851	99,007	63,939	90,055	113,470	72,891	102,663	126,275
Pittsburgh, Pa.	58,621	78,161	93,403	60,320	84,958	107,047	68,765	96,852	119,128
Reading, Pa.	61,552	82,069	98,073	63,336	89,206	112,399	72,203	101,694	125,084
Rochester, N.Y.	52,173	69,563	83,128	53,685	75,612	95,272	61,201	86,198	106,024
York, Pa.	59,793	79,724	95,271	61,526	86,657	109,188	70,140	98,789	121,510
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	60,192	80,255	95,905	61,936	87,234	109,915	70,607	99,447	122,320
Augusta, Ga.-Aiken, S.C.	52,520	70,027	83,682	54,042	76,116	95,906	61,608	86,772	106,730

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S3.2/5

WP Ex11.01-S3.2

Manager of IT Finance

The Manager of IT Finance assists senior management in the preparation, and administration of the information systems budget and business plans. This individual ensures that all IS departments are adhering to specific budgets and business plans, and reports variances to senior management on a regular basis. The Manager of IT Finance may also be responsible for reviewing, negotiating, writing, and/or administering vendor contracts, as well as interfacing with corporate finance and legal staff members. This position typically requires a bachelor's degree in accounting or finance and six to eight years experience in a senior staff or management capacity in a large organization. Experience in a multi-platform IT environment may also be required. The Manager of IT Finance usually reports to a senior IT director or the CIO.

Manager of IT Finance: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$58,744	$78,326	$93,599	$60,447	$85,136	$107,272	$68,909	$97,056	$119,378
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	64,461	85,949	102,709	66,330	93,422	117,712	75,616	106,502	130,997
Hartford, Conn.	63,289	84,386	100,841	65,124	91,724	115,572	74,241	104,565	128,615
Providence, R.I.-Fall River, Mass.	63,875	85,167	101,775	65,727	92,573	116,642	74,929	105,533	129,806
Springfield, Mass.	60,945	81,261	97,106	62,712	88,327	111,292	71,492	100,692	123,852
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	53,429	71,239	85,130	54,978	77,433	97,566	62,674	88,274	108,577
Johnstown, Pa.	50,493	67,324	80,453	51,957	73,179	92,205	59,231	83,424	102,611
New York, N.Y.-Northern New Jersey	66,933	89,244	106,646	68,873	97,004	122,225	78,515	110,585	136,019
Philadelphia, Pa.-Atlantic City, N.J.	62,236	82,981	99,163	64,040	90,197	113,648	73,005	102,825	126,474
Pittsburgh, Pa.	58,713	78,284	93,550	60,415	85,091	107,215	68,873	97,004	119,315
Reading, Pa.	61,649	82,198	98,227	63,436	89,346	112,576	72,317	101,854	125,281
Rochester, N.Y.	52,255	69,673	83,259	53,769	75,731	95,422	61,297	86,334	106,191
York, Pa.	59,887	79,850	95,421	61,623	86,793	109,360	70,250	98,944	121,702
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	60,286	80,382	96,056	62,034	87,371	110,088	70,718	99,603	122,512
Augusta, Ga.-Aiken, S.C.	52,603	70,137	83,814	54,127	76,236	96,057	61,705	86,909	106,898
Charleston, S.C.	57,922	77,229	92,289	59,601	83,945	105,771	67,945	95,697	117,708

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S3.2/6

WP Ex11.01-S3.2

Manager of Systems Development

The Manager of Systems Development is responsible for directing system analysis and development activities for one or more business units. This individual must have significant knowledge and experience in project management, and the design, coding, testing, debugging, and implementation phases of the application systems development process. The Manager of Systems Development must have formal training in software development languages and a thorough understanding of application programming tools. This position requires a bachelor's degree in a related area and eight years experience in the IT field, with at least six years in a systems analyst and/or programming capacity. The Manager of Systems Development usually reports to the Director of Systems Development, and in some organizations, may report directly to the CIO.

Manager of Systems Development: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$70,858	$94,478	$112,901	$72,912	$102,693	$129,393	$83,120	$117,070	$143,996
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	77,755	103,673	123,889	80,008	112,688	141,987	91,210	128,464	158,011
Hartford, Conn.	76,341	101,788	121,636	78,554	110,639	139,405	89,551	126,128	155,138
Providence, R.I.-Fall River, Mass.	77,048	102,730	122,763	79,281	111,663	140,696	90,380	127,296	156,574
Springfield, Mass.	73,513	98,018	117,131	75,644	106,541	134,242	86,234	121,457	149,392
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	64,447	85,929	102,685	66,315	93,401	117,686	75,599	106,478	130,967
Johnstown, Pa.	60,906	81,208	97,043	62,671	88,269	111,219	71,445	100,627	123,771
New York, N.Y.-Northern New Jersey	80,736	107,648	128,639	83,076	117,008	147,430	94,706	133,389	164,069
Philadelphia, Pa.-Atlantic City, N.J.	75,070	100,093	119,612	77,246	108,797	137,084	88,060	124,029	152,555
Pittsburgh, Pa.	70,821	94,428	112,841	72,874	102,639	129,325	83,076	117,008	143,920
Reading, Pa.	74,362	99,149	118,483	76,517	107,771	135,791	87,230	122,859	151,116
Rochester, N.Y.	63,031	84,041	100,429	64,857	91,349	115,099	73,938	104,137	128,089
York, Pa.	72,237	96,316	115,098	74,331	104,692	131,911	84,737	119,348	146,799
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	72,718	96,958	115,865	74,826	105,389	132,790	85,302	120,143	147,776
Augusta, Ga.-Aiken, S.C.	63,450	84,600	101,098	65,290	91,957	115,866	74,430	104,831	128,942

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WP Ex11.01-S3.2

Manager of Technical Support

The Manager of Technical Support directs the technical support teams for the information systems organization. This individual leads recovery efforts for production system failures, and coordinates those efforts with all IT teams. The Manager of Technical Support may manage the IT help desk, as well as tier 2 and tier 3 support personnel. This individual must be extremely knowledgeable across a broad spectrum of IT disciplines. This position typically requires a bachelor's degree in a related field and six to eight years experience in the IT field, with at least four years in a senior technical role. The Manager of Technical Support usually reports to the Director of IT Operations or the Data Center Manager.

Manager of Technical Support: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$58,521	$78,027	$93,243	$60,217	$84,812	$106,864	$68,647	$96,686	$118,924
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	64,216	85,622	102,318	66,077	93,067	117,264	75,328	106,096	130,498
Hartford, Conn.	63,049	84,065	100,457	64,876	91,375	115,132	73,959	104,167	128,126
Providence, R.I.-Fall River, Mass.	63,632	84,843	101,388	65,477	92,221	116,198	74,644	105,132	129,312
Springfield, Mass.	60,713	80,951	96,737	62,473	87,990	110,868	71,220	100,309	123,380
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	53,226	70,967	84,806	54,768	77,138	97,194	62,436	87,938	108,164
Johnstown, Pa.	50,301	67,068	80,146	51,759	72,900	91,854	59,005	83,106	102,221
New York, N.Y.-Northern New Jersey	66,678	88,904	106,241	68,611	96,635	121,760	78,216	110,164	135,502
Philadelphia, Pa.-Atlantic City, N.J.	61,999	82,665	98,785	63,796	89,854	113,216	72,728	102,433	125,993
Pittsburgh, Pa.	58,490	77,986	93,193	60,185	84,768	106,807	68,611	96,635	118,861
Reading, Pa.	61,414	81,885	97,853	63,194	89,006	112,147	72,041	101,467	124,804
Rochester, N.Y.	52,056	69,408	82,942	53,565	75,443	95,058	61,064	86,005	105,786
York, Pa.	59,659	79,546	95,057	61,389	86,463	108,943	69,983	98,568	121,238
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	60,057	80,076	95,691	61,798	87,039	109,669	70,449	99,224	122,046
Augusta, Ga.-Aiken, S.C.	52,403	69,870	83,495	53,921	75,946	95,692	61,470	86,578	106,491
Charleston, S.C.	57,702	76,936	91,938	59,374	83,626	105,368	67,687	95,333	117,260
Charlotte, N.C.-Rock Hill, S.C.	58,290	77,721	92,876	59,980	84,479	106,443	68,377	96,306	118,456

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53.2/8

WP Ex11.01-S3.2

Manager of Telecommunications

The Manager of Telecommunications is responsible for the ongoing management of voice, data, and video communication systems under the control of the information systems organization. This individual reviews and approves all modifications to telecommunications systems and provides guidance and input on new technologies. The Manager of Telcommunications must have significant knowledge and experience across a broad spectrum of telecommunications technologies and services. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with at least four years in a senior telecommunications analyst role. The Manager of Telecommunications usually reports to a senior director. In some organizations, this individual may report directly to the CIO.

Manager of Telecommunications: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$62,938	$83,918	$100,282	$64,763	$91,215	$114,931	$73,830	$103,985	$127,902
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	69,064	92,085	110,042	71,066	100,093	126,117	81,015	114,106	140,350
Hartford, Conn.	67,808	90,411	108,041	69,774	98,273	123,824	79,542	112,031	137,798
Providence, R.I.-Fall River, Mass.	68,436	91,248	109,042	70,420	99,183	124,970	80,279	113,068	139,074
Springfield, Mass.	65,297	87,063	104,040	67,190	94,633	119,238	76,596	107,882	132,695
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	57,244	76,325	91,208	58,903	82,962	104,532	67,149	94,577	116,329
Johnstown, Pa.	54,098	72,131	86,197	55,667	78,404	98,789	63,460	89,380	109,938
New York, N.Y.-Northern New Jersey	71,712	95,616	114,261	73,791	103,930	130,952	84,121	118,481	145,731
Philadelphia, Pa.-Atlantic City, N.J.	66,680	88,906	106,243	68,612	96,637	121,763	78,218	110,166	135,504
Pittsburgh, Pa.	62,905	83,874	100,229	64,729	91,167	114,870	73,791	103,930	127,834
Reading, Pa.	66,050	88,067	105,240	67,965	95,725	120,614	77,480	109,127	134,226
Rochester, N.Y.	55,986	74,648	89,204	57,608	81,139	102,235	65,674	92,498	113,773
York, Pa.	64,163	85,551	102,234	66,023	92,990	117,168	75,266	106,009	130,391
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	64,591	86,121	102,915	66,463	93,610	117,948	75,768	106,715	131,260
Augusta, Ga.-Aiken, S.C.	56,359	75,145	89,798	57,992	81,679	102,916	66,111	93,114	114,530
Charleston, S.C.	62,058	82,744	98,879	63,857	89,939	113,323	72,796	102,530	126,112

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S3.2/9

WP Ex11.01-S3.2

Senior IT Trainer

The Senior IT Trainer develops and conducts technical training programs for IT staff members. This individual is responsible for the accurate and timely content of training curriculums and for establishing training objectives and certification requirements. Duties may include writing course outlines, text, and test materials. This individual may also be responsible for coordinating external training programs with vendors for IT and other departmental staff members. The Senior IT Trainer must have a well-rounded background in the IT field, and stay abreast of new technologies—including new training techniques and tools. This position typically requires a bachelor's degree and at least 4 to 6 years experience in a large, multi-platform IT environment. Additionally, a background in a training or teaching capacity is a plus. The Senior IT Trainer will usually report to a senior manager or director within the IT organization.

Senior IT Trainer: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$50,825	$67,767	$80,981	$52,298	$73,660	$92,811	$59,620	$83,972	$103,285
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	55,772	74,362	88,863	57,388	80,829	101,844	65,423	92,145	113,338
Hartford, Conn.	54,758	73,010	87,247	56,345	79,359	99,992	64,233	90,469	111,277
Providence, R.I.-Fall River, Mass.	55,265	73,686	88,055	56,867	80,094	100,918	64,828	91,307	112,307
Springfield, Mass.	52,730	70,306	84,016	54,258	76,420	96,289	61,854	87,118	107,156
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	46,226	61,635	73,654	47,566	66,995	84,413	54,226	76,374	93,940
Johnstown, Pa.	43,686	58,249	69,607	44,953	63,314	79,775	51,246	72,178	88,779
New York, N.Y.-Northern New Jersey	57,910	77,213	92,270	59,589	83,928	105,749	67,931	95,677	117,683
Philadelphia, Pa.-Atlantic City, N.J.	53,846	71,795	85,795	55,407	78,038	98,328	63,164	88,963	109,425
Pittsburgh, Pa.	50,798	67,731	80,939	52,271	73,621	92,762	59,589	83,928	103,231
Reading, Pa.	53,338	71,118	84,985	54,884	77,302	97,400	62,568	88,124	108,392
Rochester, N.Y.	45,210	60,281	72,035	46,521	65,522	82,558	53,034	74,695	91,875
York, Pa.	51,814	69,086	82,557	53,316	75,093	94,617	60,780	85,606	105,295
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	52,159	69,546	83,107	53,671	75,593	95,247	61,185	86,176	105,997
Augusta, Ga.-Aiken, S.C.	45,512	60,682	72,515	46,831	65,959	83,108	53,387	75,193	92,487

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WP Ex11.01-S3.2

Senior Project Manager

The Senior Project Manager is responsible for developing plans and overseeing large scale IT projects across a broad spectrum of disciplines. This individual sets deadlines, assigns responsibilities, and monitors progress of projects using sophisticated project management tools and best practices. The Senior Project Manager must be capable of handling multiple projects and may be required to direct the work of subordinate project managers and team members. This individual must possess excellent communication skills and make judgments based on significant experience. The Senior Project Manager must have a well-rounded background in the IT field and stay abreast of new technologies—including new project management techniques and tools. This position typically requires a bachelor's degree and at least six to eight years of formal project management experience in a large multi-platform IT environment. Additionally, a certification in project management is often required. The Senior Project Manager usually reports to a senior manager or director within the IT organization.

Senior Project Manager: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$66,191	$88,255	$105,465	$68,110	$95,930	$120,871	$77,645	$109,360	$134,513
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	72,634	96,845	115,730	74,739	105,266	132,635	85,202	120,003	147,604
Hartford, Conn.	71,313	95,084	113,625	73,380	103,352	130,224	83,653	117,822	144,921
Providence, R.I.-Fall River, Mass.	71,973	95,964	114,678	74,060	104,309	131,430	84,428	118,912	146,262
Springfield, Mass.	68,672	91,562	109,417	70,662	99,524	125,401	80,555	113,458	139,553
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	60,202	80,270	95,923	61,947	87,250	109,935	70,620	99,465	122,342
Johnstown, Pa.	56,895	75,859	90,652	58,544	82,456	103,894	66,740	94,000	115,620
New York, N.Y.-Northern New Jersey	75,418	100,558	120,167	77,604	109,302	137,721	88,469	124,604	153,263
Philadelphia, Pa.-Atlantic City, N.J.	70,126	93,501	111,734	72,159	101,632	128,056	82,261	115,860	142,508
Pittsburgh, Pa.	66,157	88,209	105,409	68,074	95,879	120,808	77,604	109,302	134,442
Reading, Pa.	69,464	92,619	110,680	71,478	100,673	126,848	81,485	114,767	141,164
Rochester, N.Y.	58,879	78,506	93,814	60,586	85,332	107,519	69,068	97,279	119,653
York, Pa.	67,480	89,973	107,518	69,436	97,797	123,224	79,157	111,488	137,130
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	67,929	90,572	108,234	69,898	98,448	124,044	79,684	112,231	138,044

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S3.2/11

WP Ex11.01-S3.2

Application Programmer II

The Application Programmer II is responsible for the customization and development of application systems designed for midrange and mainframe environments under general guidance from a senior programmer or manager. This individual must be proficient in the design, coding, testing, debugging, and implementation phases of the application systems development process. This position requires formal training in software development languages and techniques, and a strong understanding of tools used in a legacy programming environment. This position usually requires a bachelor's degree in computer science or related area and four to seven years experience in the IT field, with at least three years in a mainframe or midrange programming capacity. The Application Programmer II typically reports to a lead programmer or manager in the systems development group within the information systems department.

Application Programmer II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$43,892	$58,523	$69,935	$45,165	$63,612	$80,151	$51,488	$72,518	$89,197
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	49,033	65,378	78,127	50,455	71,063	89,539	57,518	81,012	99,645
Hartford, Conn.	49,033	65,378	78,127	50,455	71,063	89,539	57,518	81,012	99,645
Providence, R.I.-Fall River, Mass.	47,282	63,043	75,336	48,653	68,525	86,342	55,464	78,119	96,086
Springfield, Mass.	47,720	63,627	76,034	49,103	69,160	87,141	55,978	78,842	96,976
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	43,868	58,491	69,896	45,140	63,577	80,107	51,459	72,478	89,147
Johnstown, Pa.	38,165	50,887	60,810	39,271	55,312	69,693	44,769	63,055	77,558
New York, N.Y.-Northern New Jersey	50,010	66,679	79,682	51,459	72,478	91,322	58,663	82,624	101,628
Philadelphia, Pa.-Atlantic City, N.J.	46,061	61,415	73,391	47,397	66,756	84,112	54,032	76,101	93,605
Pittsburgh, Pa.	42,113	56,151	67,100	43,334	61,034	76,903	49,401	69,578	85,582
Reading, Pa.	44,745	59,660	71,294	46,042	64,848	81,709	52,488	73,927	90,930
Rochester, N.Y.	42,552	56,736	67,799	43,785	61,670	77,704	49,915	70,303	86,473
York, Pa.	42,552	56,736	67,799	43,785	61,670	77,704	49,915	70,303	86,473
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	45,060	60,080	71,795	46,366	65,304	82,283	52,857	74,447	91,569
Augusta, Ga.-Aiken, S.C.	41,526	55,368	66,164	42,729	60,182	75,830	48,712	68,608	84,388

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WP Ex11.01-S3.2

Application Programmer III

The Application Programmer III is responsible for leading the development and customization of application systems designed for midrange or mainframe environments. This individual must be an expert in the design, coding, testing, debugging, and implementation phases of the application systems development process. This position requires formal training in software development languages and techniques and a thorough understanding of tools used in a legacy programming environment. This position requires a bachelor's degree in computer science or related area and seven plus years experience in the IT field, with at least five years in a mainframe programming capacity. The Application Programmer III may be called upon to function as a team lead and may have ongoing supervisory responsibilities. The Application Programmer III typically reports to a systems development manager within the information systems department.

Application Programmer III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$52,882	$70,510	$84,259	$54,415	$76,641	$96,568	$62,033	$87,371	$107,466
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	59,077	78,769	94,129	60,789	85,618	107,879	69,299	97,605	120,054
Hartford, Conn.	59,077	78,769	94,129	60,789	85,618	107,879	69,299	97,605	120,054
Providence, R.I.-Fall River, Mass.	56,967	75,956	90,767	58,618	82,560	104,026	66,824	94,119	115,766
Springfield, Mass.	57,494	76,659	91,607	59,161	83,325	104,989	67,443	94,990	116,838
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	52,853	70,471	84,212	54,385	76,599	96,514	61,999	87,322	107,407
Johnstown, Pa.	45,982	61,309	73,265	47,315	66,641	83,967	53,939	75,970	93,444
New York, N.Y.-Northern New Jersey	60,252	80,337	96,002	61,999	87,322	110,026	70,679	99,548	122,443
Philadelphia, Pa.-Atlantic City, N.J.	55,496	73,994	88,423	57,104	80,429	101,340	65,099	91,688	112,777
Pittsburgh, Pa.	50,739	67,652	80,844	52,210	73,535	92,654	59,519	83,829	103,110
Reading, Pa.	53,910	71,880	85,897	55,473	78,131	98,444	63,239	89,069	109,555
Rochester, N.Y.	51,267	68,357	81,686	52,753	74,301	93,619	60,139	84,703	104,184
York, Pa.	51,267	68,357	81,686	52,753	74,301	93,619	60,139	84,703	104,184
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	54,289	72,385	86,500	55,863	78,680	99,136	63,683	89,695	110,325
Augusta, Ga.-Aiken, S.C.	50,031	66,708	79,716	51,481	72,509	91,361	58,689	82,660	101,672
Charleston, S.C.	49,499	65,998	78,868	50,934	71,737	90,389	58,064	81,781	100,590

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S3.2/13

WP Ex11.01-S3.2

Business Systems Analyst II

The Business Systems Analyst II is responsible for working directly with business unit personnel under general guidance from a senior analyst or manager. The analyst plays an important role in defining and establishing business and end user requirements for existing and new application systems. This individual will develop a good working relationship with end user organizations and will function as the end users' representative on technology issues. The analyst must have strong working knowledge of programming techniques and system development life cycle processes. Formal project management training is usually required. As a minimum, this position typically requires a bachelor's degree in computer science or a related field and three to five years experience in the information technology field, with at least two years in a programming or a business analyst role. The Business Systems Analyst II will typically report to a supervisor or manager within the systems development department or business systems analyst group.

Business Systems Analyst II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$41,599	$55,466	$66,282	$42,805	$60,289	$75,964	$48,798	$68,729	$84,537
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	46,472	61,962	74,045	47,819	67,350	84,861	54,513	76,779	94,439
Hartford, Conn.	46,472	61,962	74,045	47,819	67,350	84,861	54,513	76,779	94,439
Providence, R.I.-Fall River, Mass.	44,812	59,749	71,401	46,111	64,945	81,831	52,566	74,037	91,066
Springfield, Mass.	45,227	60,303	72,062	46,538	65,546	82,588	53,053	74,723	91,909
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	41,576	55,435	66,245	42,781	60,255	75,922	48,771	68,691	84,490
Johnstown, Pa.	36,171	48,228	57,633	37,220	52,422	66,052	42,430	59,761	73,506
New York, N.Y.-Northern New Jersey	47,397	63,196	75,519	48,771	68,691	86,551	55,599	78,308	96,319
Philadelphia, Pa.-Atlantic City, N.J.	43,655	58,207	69,557	44,920	63,268	79,718	51,209	72,126	88,714
Pittsburgh, Pa.	39,913	53,217	63,595	41,070	57,845	72,885	46,820	65,943	81,110
Reading, Pa.	42,408	56,544	67,570	43,637	61,460	77,440	49,746	70,065	86,180
Rochester, N.Y.	40,329	53,772	64,257	41,498	58,448	73,644	47,307	66,630	81,955
York, Pa.	40,329	53,772	64,257	41,498	58,448	73,644	47,307	66,630	81,955
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	42,706	56,941	68,044	43,944	61,892	77,984	50,096	70,557	86,785
Augusta, Ga.-Aiken, S.C.	39,356	52,475	62,708	40,497	57,038	71,868	46,167	65,023	79,979

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WP Ex11.01-S3.2

Business Systems Analyst III

The Business Systems Analyst III is responsible for working directly with business unit personnel with minimal guidance. This senior-level analyst plays a key role in defining and establishing business and end user requirements for existing and new application systems. This individual is responsible for developing very strong working relationships with end user organizations and will function as the end users' lead representative on technology issues. The analyst must have a thorough understanding of programming techniques and system development life cycle processes. Formal project management training is usually required. As a minimum, this position requires a bachelor's degree in computer science or a related field and five to seven years experience in the information technology field, with at least four years in a programming or a business analyst role. The Business Systems Analyst III may perform supervisory functions and will typically report to a manager within the systems development department or business systems analyst group.

Business Systems Analyst III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$50,120	$66,826	$79,857	$51,572	$72,637	$91,523	$58,793	$82,806	$101,852
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	55,990	74,653	89,211	57,613	81,145	102,243	65,679	92,505	113,782
Hartford, Conn.	55,990	74,653	89,211	57,613	81,145	102,243	65,679	92,505	113,782
Providence, R.I.-Fall River, Mass.	53,990	71,987	86,025	55,555	78,247	98,591	63,333	89,202	109,718
Springfield, Mass.	54,490	72,654	86,821	56,070	78,972	99,504	63,920	90,028	110,734
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	50,092	66,789	79,813	51,544	72,597	91,472	58,760	82,760	101,795
Johnstown, Pa.	43,580	58,106	69,437	44,843	63,159	79,581	51,121	72,001	88,562
New York, N.Y.-Northern New Jersey	57,105	76,139	90,987	58,760	82,760	104,278	66,986	94,347	116,046
Philadelphia, Pa.-Atlantic City, N.J.	52,596	70,128	83,803	54,121	76,227	96,045	61,698	86,898	106,885
Pittsburgh, Pa.	48,088	64,117	76,620	49,482	69,693	87,813	56,409	79,450	97,723
Reading, Pa.	51,094	68,125	81,409	52,575	74,049	93,301	59,935	84,415	103,831
Rochester, N.Y.	48,589	64,785	77,418	49,997	70,419	88,728	56,997	80,277	98,741
York, Pa.	48,589	64,785	77,418	49,997	70,419	88,728	56,997	80,277	98,741
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	51,453	68,604	81,981	52,944	74,569	93,957	60,356	85,009	104,561

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WP Ex11.01-S3.2

Quality Assurance Analyst II

The Quality Assurance Analyst II is responsible for assisting in the development and maintenance of quality management system standards for the IT organization. This individual also assists in ensuring compliance with established development methodologies and IT standards. This position requires a thorough understanding of IT systems development, data center operations, and IT metrics administration and best practices, A bachelor's degree in a related discipline and four plus years of experience in information technology are required. The Quality Assurance Analyst II will typically report to the QA manager within the systems development group or data center organization.

Quality Assurance Analyst II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$36,879	$49,172	$58,760	$37,948	$53,447	$67,344	$43,260	$60,930	$74,944
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	41,198	54,931	65,642	42,392	59,707	75,231	48,327	68,066	83,722
Hartford, Conn.	41,198	54,931	65,642	42,392	59,707	75,231	48,327	68,066	83,722
Providence, R.I.-Fall River, Mass.	39,727	52,969	63,298	40,878	57,575	72,545	46,601	65,636	80,732
Springfield, Mass.	40,095	53,459	63,884	41,257	58,108	73,216	47,033	66,243	81,479
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	36,858	49,144	58,727	37,926	53,417	67,306	43,236	60,896	74,902
Johnstown, Pa.	32,067	42,755	51,093	32,996	46,473	58,556	37,615	52,979	65,165
New York, N.Y.-Northern New Jersey	42,018	56,024	66,949	43,236	60,896	76,729	49,289	69,421	85,388
Philadelphia, Pa.-Atlantic City, N.J.	38,701	51,601	61,664	39,823	56,088	70,671	45,398	63,941	78,647
Pittsburgh, Pa.	35,384	47,178	56,378	36,409	51,281	64,614	41,507	58,460	71,906
Reading, Pa.	37,595	50,127	59,902	38,685	54,486	68,652	44,101	62,114	76,400
Rochester, N.Y.	35,752	47,670	56,965	36,789	51,815	65,287	41,939	59,069	72,655
York, Pa.	35,752	47,670	56,965	36,789	51,815	65,287	41,939	59,069	72,655
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	37,859	50,479	60,323	38,957	54,869	69,135	44,411	62,550	76,937
Augusta, Ga.-Aiken, S.C.	34,890	46,520	55,592	35,901	50,565	63,712	40,928	57,645	70,903
Charleston, S.C.	34,519	46,025	55,000	35,519	50,027	63,035	40,492	57,031	70,148
Charlotte, N.C.-Rock Hill, S.C.	37,488	49,984	59,731	38,575	54,331	68,457	43,975	61,937	76,183

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WP Ex11.01-S3.2

Senior Data Warehouse Analyst

The Senior Data Warehouse Analyst is responsible for designing, implementing, and supporting large-scale data warehouse systems. This individual must be an expert in all aspects of data warehousing, including the use of advanced software design and management tools. This position requires a bachelor's degree in a related area and six to eight years experience in the IT field, with at least three years in a database or data warehouse analyst role. The Senior Data Warehouse Analyst typically reports to a manager or director in the systems development group.

Senior Data Warehouse Analyst: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$60,610	$80,813	$96,572	$62,367	$87,841	$110,679	$71,098	$100,138	$123,170
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	67,718	90,291	107,898	69,681	98,143	123,660	79,437	111,882	137,615
Hartford, Conn.	67,718	90,291	107,898	69,681	98,143	123,660	79,437	111,882	137,615
Providence, R.I.-Fall River, Mass.	65,300	87,066	104,044	67,193	94,637	119,243	76,600	107,887	132,701
Springfield, Mass.	65,904	87,873	105,008	67,815	95,514	120,347	77,309	108,886	133,929
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	60,578	80,771	96,521	62,334	87,794	110,621	71,061	100,086	123,105
Johnstown, Pa.	52,703	70,271	83,973	54,231	76,381	96,240	61,823	87,074	107,102
New York, N.Y.-Northern New Jersey	69,059	92,079	110,034	71,061	100,086	126,108	81,009	114,098	140,340
Philadelphia, Pa.-Atlantic City, N.J.	63,607	84,809	101,347	65,451	92,184	116,152	74,614	105,090	129,260
Pittsburgh, Pa.	58,155	77,540	92,660	59,841	84,283	106,196	68,218	96,082	118,181
Reading, Pa.	61,790	82,386	98,452	63,581	89,550	112,833	72,482	102,087	125,567
Rochester, N.Y.	58,761	78,348	93,625	60,464	85,161	107,302	68,929	97,083	119,412
York, Pa.	58,761	78,348	93,625	60,464	85,161	107,302	68,929	97,083	119,412
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	62,201	82,935	99,107	64,004	90,147	113,585	72,965	102,767	126,404
Augusta, Ga.-Aiken, S.C.	57,323	76,430	91,334	58,984	83,076	104,676	67,242	94,707	116,490
Charleston, S.C.	56,713	75,617	90,363	58,357	82,193	103,563	66,527	93,700	115,250
Charlotte, N.C.-Rock Hill, S.C.	61,591	82,122	98,136	63,377	89,263	112,471	72,249	101,760	125,165
Greensboro, N.C.	57,933	77,243	92,306	59,612	83,960	105,790	67,957	95,715	117,729
Greenville-Anderson,	57,323	76,430	91,334	58,984	83,076	104,676	67,242	94,707	116,490

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WP Ex11.01-S3.2

Senior Database Administrator

The Senior Database Administrator is responsible for the design, implementation, and ongoing management of corporate database systems. This individual must have expert knowledge and experience in all aspects of database management, including advanced software design and management tools. This position typically requires a bachelor's degree in a related area and six to eight years in the IT field, with three years in a technical database role. The Senior Database Administrator typically reports to a manager or director in the systems development group.

Senior Database Administrator: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$59,645	$79,527	$95,035	$61,374	$86,443	$108,918	$69,967	$98,545	$121,210
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	66,632	88,842	106,166	68,563	96,567	121,675	78,162	110,087	135,407
Hartford, Conn.	66,632	88,842	106,166	68,563	96,567	121,675	78,162	110,087	135,407
Providence, R.I.-Fall River, Mass.	64,252	85,669	102,375	66,114	93,119	117,329	75,370	106,155	130,571
Springfield, Mass.	64,847	86,462	103,322	66,726	93,981	118,416	76,068	107,138	131,780
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	59,612	79,483	94,982	61,340	86,394	108,857	69,928	98,490	121,142
Johnstown, Pa.	51,863	69,150	82,634	53,366	75,163	94,706	60,837	85,686	105,394
New York, N.Y.-Northern New Jersey	67,958	90,610	108,279	69,928	98,490	124,097	79,717	112,278	138,102
Philadelphia, Pa.-Atlantic City, N.J.	62,593	83,457	99,731	64,407	90,714	114,300	73,424	103,414	127,199
Pittsburgh, Pa.	57,228	76,304	91,183	58,886	82,939	104,503	67,131	94,550	116,297
Reading, Pa.	60,804	81,073	96,882	62,567	88,122	111,034	71,326	100,459	123,565
Rochester, N.Y.	57,824	77,098	92,133	59,500	83,803	105,591	67,830	95,535	117,508
York, Pa.	57,824	77,098	92,133	59,500	83,803	105,591	67,830	95,535	117,508
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	61,232	81,642	97,563	63,007	88,742	111,814	71,827	101,165	124,434
Augusta, Ga.-Aiken, S.C.	56,429	75,239	89,911	58,065	81,782	103,045	66,194	93,231	114,674
Charleston, S.C.	55,829	74,439	88,954	57,447	80,911	101,948	65,490	92,239	113,454
Charlotte, N.C.-Rock Hill, S.C.	60,631	80,842	96,606	62,389	87,872	110,718	71,123	100,174	123,214
Greensboro, N.C.	57,030	76,039	90,867	58,683	82,652	104,141	66,898	94,223	115,894
Greenville-Anderson,	56,429	75,239	89,911	58,065	81,782	103,045	66,194	93,231	114,674

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WP Ex11.01-S3.2

Senior Technical Architect

The Senior Technical Architect is responsible for ensuring that consistent and cost-effective technology and technical processes are developed and followed throughout the IT organization. This individual often participates in the design of new systems and may be required to approve new development projects from a technical standards perspective. This position requires a broad background in technology including hardware, software, networking, security, and planning. The Senior Technical Architect will often have responsibility for training and supervision. This position typically requires a bachelor's degree in a related area and a minimum of eight years experience in the IT field, with four years in a technical architecture position or similar technical job. The Senior Technical Architect usually reports to a senior director and may report directly to the CIO in smaller organizations.

Senior Technical Architect: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$66,755	$89,007	$106,364	$68,690	$96,747	$121,901	$78,307	$110,292	$135,659
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	74,559	99,413	118,798	76,721	108,057	136,152	87,461	123,185	151,518
Hartford, Conn.	74,559	99,413	118,798	76,721	108,057	136,152	87,461	123,185	151,518
Providence, R.I.-Fall River, Mass.	71,897	95,862	114,555	73,981	104,198	131,289	84,338	118,786	146,106
Springfield, Mass.	72,562	96,750	115,616	74,666	105,163	132,505	85,119	119,886	147,459
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	66,715	88,954	106,300	68,649	96,689	121,828	78,260	110,225	135,577
Johnstown, Pa.	58,042	77,390	92,481	59,725	84,119	105,990	68,086	95,896	117,952
New York, N.Y.-Northern New Jersey	76,056	101,407	121,182	78,260	110,225	138,884	89,216	125,657	154,558
Philadelphia, Pa.-Atlantic City, N.J.	70,051	93,402	111,615	72,082	101,523	127,919	82,173	115,737	142,356
Pittsburgh, Pa.	64,047	85,396	102,048	65,903	92,821	116,955	75,130	105,816	130,154
Reading, Pa.	68,050	90,733	108,426	70,022	98,623	124,265	79,825	112,430	138,289
Rochester, N.Y.	64,714	86,285	103,111	66,590	93,788	118,173	75,912	106,919	131,510
York, Pa.	64,714	86,285	103,111	66,590	93,788	118,173	75,912	106,919	131,510
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	68,565	91,420	109,247	70,553	99,370	125,206	80,430	113,282	139,337
Augusta, Ga.-Aiken, S.C.	63,188	84,250	100,679	65,019	91,576	115,386	74,122	104,397	128,408
Charleston, S.C.	62,515	83,354	99,608	64,327	90,602	114,159	73,333	103,286	127,042

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S3.2/19

WP Ex11.01-S3.2

Senior Customer Relationship Manager

The Senior Customer Relationship Manager serves as a liaison and an advocate for line of business organizations in the ongoing development and management of information systems. This role can also serve as the contact point for information systems and services outsourced to a third-party organization. Extensive understanding of major IT systems such as CRM, SCM, and ERP are often required. Additionally, this individual must possess excellent written and oral communication skills and the ability to work directly with all levels of management and technical personnel. This position requires a bachelor's degree in a related area and at least eight years experience in the IT field, with at least four years as a programmer or business analyst. The Senior Customer Relationship Manager will typically report to a senior director in the IT organization.

Senior Customer Relationship Manager: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$56,507	$75,342	$90,034	$58,145	$81,894	$103,186	$66,285	$93,359	$114,832
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	63,125	84,167	100,580	64,955	91,486	115,272	74,049	104,294	128,282
Hartford, Conn.	63,125	84,167	100,580	64,955	91,486	115,272	74,049	104,294	128,282
Providence, R.I.-Fall River, Mass.	60,871	81,161	96,987	62,635	88,219	111,155	71,404	100,569	123,700
Springfield, Mass.	61,434	81,913	97,886	63,215	89,035	112,185	72,065	101,500	124,845
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	56,475	75,300	89,984	58,112	81,848	103,129	66,248	93,307	114,768
Johnstown, Pa.	49,133	65,511	78,286	50,558	71,208	89,722	57,636	81,177	99,848
New York, N.Y.-Northern New Jersey	64,382	85,842	102,582	66,248	93,307	117,567	75,523	106,370	130,835
Philadelphia, Pa.-Atlantic City, N.J.	59,299	79,065	94,483	61,018	85,941	108,285	69,560	97,972	120,506
Pittsburgh, Pa.	54,216	72,288	86,385	55,788	78,574	99,004	63,598	89,575	110,177
Reading, Pa.	57,605	76,806	91,784	59,274	83,485	105,191	67,573	95,173	117,063
Rochester, N.Y.	54,781	73,041	87,284	56,369	79,393	100,035	64,260	90,508	111,325
York, Pa.	54,781	73,041	87,284	56,369	79,393	100,035	64,260	90,508	111,325
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	58,010	77,346	92,429	59,691	84,072	105,931	68,048	95,842	117,886
Augusta, Ga.-Aiken, S.C.	53,460	71,280	85,179	55,009	77,478	97,622	62,711	88,325	108,640
Charleston, S.C.	52,891	70,522	84,273	54,424	76,654	96,584	62,044	87,385	107,484

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WP Ex11.01-S3.2

Web Applications Developer III

The Web Applications Developer III is responsible for designing, developing, and supporting web-based applications with minimal guidance and direction. These applications include systems developed solely for the web environment as well as development efforts designed to "webify" end-user applications. This senior web applications developer may also play a key role in the creation of corporate web sites and intranet communities. The Web Applications Developer III will have expert level understanding of programming techniques and tools such as .Net, Visual Basic, SQL, C++, Java, and other proprietary or open source programming, web development, and system management tools. This position requires a bachelor's degree in computer science or a related field and five to seven years experience in programming, with at least five years in web design/development. The Web Applications Developer III may be called upon to function as a team lead and may have ongoing supervisory responsibilities. This position typically reports to a manager in the systems development department within the IT organization.

Web Applications Developer III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$55,365	$73,820	$88,215	$56,970	$80,239	$101,101	$64,945	$91,472	$112,511
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	61,837	82,450	98,527	63,630	89,619	112,920	72,538	102,166	125,664
Hartford, Conn.	61,837	82,450	98,527	63,630	89,619	112,920	72,538	102,166	125,664
Providence, R.I.-Fall River, Mass.	59,629	79,505	95,009	61,357	86,419	108,887	69,947	98,517	121,176
Springfield, Mass.	60,181	80,241	95,888	61,925	87,219	109,896	70,595	99,429	122,298
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	55,332	73,776	88,162	56,935	80,191	101,040	64,906	91,417	112,444
Johnstown, Pa.	48,139	64,185	76,701	49,534	69,766	87,905	56,469	79,533	97,826
New York, N.Y.-Northern New Jersey	63,078	84,104	100,504	64,906	91,417	115,186	73,993	104,216	128,186
Philadelphia, Pa.-Atlantic City, N.J.	58,098	77,464	92,570	59,782	84,200	106,092	68,152	95,988	118,066
Pittsburgh, Pa.	53,118	70,825	84,635	54,658	76,983	96,999	62,310	87,761	107,946
Reading, Pa.	56,438	75,251	89,925	58,074	81,795	103,061	66,205	93,246	114,692
Rochester, N.Y.	53,672	71,562	85,517	55,227	77,785	98,009	62,959	88,675	109,070
York, Pa.	53,672	71,562	85,517	55,227	77,785	98,009	62,959	88,675	109,070
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	56,866	75,821	90,606	58,514	82,414	103,842	66,706	93,952	115,561

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WP Ex11.01-S3.2

Chapter 4:
Data Center Operations Functions

Computer Operator I

The Computer Operator I assists senior personnel in the proper functioning of all production job streams, operating system environments, hardware platforms, and peripherals. This individual monitors systems and peripherals and may participate in production job stream and system recovery efforts. The Computer Operator I must have working knowledge of a variety of data center operating systems environments and utilities. This position typically requires some coursework or technical training and one to two years experience in the IT field. The Computer Operator I usually reports to the Shift Supervisor, Data Center Operations.

Computer Operator I: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$22,323	$29,764	$35,568	$22,970	$32,352	$40,764	$26,186	$36,882	$45,364
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	24,949	33,266	39,753	25,673	36,159	45,560	29,267	41,221	50,702
Hartford, Conn.	24,949	33,266	39,753	25,673	36,159	45,560	29,267	41,221	50,702
Providence, R.I.-Fall River, Mass.	24,058	32,078	38,333	24,756	34,867	43,933	28,222	39,749	48,891
Springfield, Mass.	24,281	32,375	38,688	24,985	35,190	44,340	28,483	40,117	49,344
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	22,313	29,751	35,552	22,960	32,338	40,745	26,174	36,865	45,344
Johnstown, Pa.	19,412	25,883	30,930	19,975	28,134	35,448	22,771	32,072	39,449
New York, N.Y.-Northern New Jersey	25,437	33,916	40,529	26,174	36,865	46,450	29,838	42,026	51,692
Philadelphia, Pa.-Atlantic City, N.J.	23,429	31,238	37,329	24,108	33,954	42,783	27,483	38,708	47,611
Pittsburgh, Pa.	21,420	28,561	34,130	22,041	31,044	39,115	25,127	35,390	43,530
Reading, Pa.	22,759	30,346	36,263	23,419	32,984	41,560	26,697	37,602	46,251
Rochester, N.Y.	21,644	28,858	34,485	22,271	31,367	39,523	25,389	35,759	43,983
York, Pa.	21,644	28,858	34,485	22,271	31,367	39,523	25,389	35,759	43,983
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	22,890	30,520	36,471	23,553	33,174	41,799	26,851	37,818	46,516
Augusta, Ga.-Aiken, S.C.	21,094	28,126	33,610	21,706	30,572	38,520	24,745	34,852	42,868

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WP Ex11.01-S3.2

Computer Operator III

The Computer Operator III is responsible for the proper functioning of all production job streams, operating system environments, hardware platforms, and peripherals. This individual monitors and operates systems and peripherals and plays a lead role in production job stream and system recovery efforts. The Computer Operator III must be adept in a variety of data center operating systems environments and utilities and be capable of coordinating recovery efforts with personnel from various internal and external organizations. This individual may have training and supervisory responsibilities. This position typically requires significant coursework or technical training and at least six years experience in the IT field. The Computer Operator III usually reports to the Shift Supervisor, Data Center Operations.

Computer Operator III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$31,004	$41,339	$49,400	$31,903	$44,934	$56,616	$36,369	$51,224	$63,006
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	34,652	46,203	55,212	35,656	50,220	63,278	40,648	57,251	70,419
Hartford, Conn.	34,652	46,203	55,212	35,656	50,220	63,278	40,648	57,251	70,419
Providence, R.I.-Fall River, Mass.	33,414	44,553	53,240	34,383	48,427	61,018	39,197	55,207	67,904
Springfield, Mass.	33,724	44,965	53,733	34,701	48,875	61,583	39,560	55,718	68,533
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	30,990	41,320	49,378	31,888	44,913	56,591	36,353	51,201	62,977
Johnstown, Pa.	26,961	35,949	42,959	27,743	39,075	49,234	31,627	44,545	54,790
New York, N.Y.-Northern New Jersey	35,329	47,105	56,290	36,353	51,201	64,513	41,442	58,369	71,794
Philadelphia, Pa.-Atlantic City, N.J.	32,540	43,386	51,846	33,483	47,159	59,420	38,170	53,761	66,126
Pittsburgh, Pa.	29,751	39,667	47,402	30,613	43,117	54,327	34,899	49,153	60,458
Reading, Pa.	31,610	42,147	50,365	32,526	45,811	57,722	37,080	52,225	64,237
Rochester, N.Y.	30,060	40,081	47,896	30,932	43,566	54,893	35,262	49,665	61,088
York, Pa.	30,060	40,081	47,896	30,932	43,566	54,893	35,262	49,665	61,088
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	31,791	42,388	50,654	32,713	46,074	58,054	37,293	52,525	64,605
Augusta, Ga.-Aiken, S.C.	29,298	39,064	46,681	30,147	42,461	53,500	34,368	48,405	59,538
Charleston, S.C.	28,986	38,648	46,185	29,826	42,009	52,931	34,002	47,890	58,905

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53.2/213

WP Ex11.01-S3.2

Help Desk Representative I

The Help Desk Representative I assists senior help desk personnel in providing level 1 support to end users on a wide range of IT problems and issues. This requires good communication skills and the ability to take direction regarding incident resolution. This individual must have working knowledge of IT systems, processes, and terminology. This position typically requires some coursework in IT or one year experience in the IT field. The Help Desk Representative I usually reports to a lead or supervisor within the data center operations organization.

Help Desk Representative I: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$26,502	$35,336	$42,227	$27,270	$38,409	$48,395	$31,088	$43,786	$53,857
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	29,610	39,480	47,179	30,468	42,913	54,071	34,734	48,921	60,173
Hartford, Conn.	29,610	39,480	47,179	30,468	42,913	54,071	34,734	48,921	60,173
Providence, R.I.-Fall River, Mass.	28,553	38,070	45,494	29,380	41,381	52,140	33,493	47,174	58,024
Springfield, Mass.	28,817	38,423	45,915	29,652	41,764	52,622	33,804	47,611	58,561
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	26,488	35,317	42,204	27,256	38,388	48,369	31,072	43,763	53,828
Johnstown, Pa.	23,045	30,726	36,718	23,713	33,398	42,081	27,032	38,074	46,831
New York, N.Y.-Northern New Jersey	30,196	40,262	48,113	31,072	43,763	55,141	35,422	49,890	61,364
Philadelphia, Pa.-Atlantic City, N.J.	27,812	37,083	44,315	28,619	40,308	50,788	32,625	45,951	56,520
Pittsburgh, Pa.	25,429	33,905	40,516	26,166	36,853	46,435	29,829	42,012	51,675
Reading, Pa.	27,018	36,024	43,048	27,801	39,156	49,337	31,693	44,638	54,905
Rochester, N.Y.	25,693	34,258	40,938	26,438	37,237	46,918	30,139	42,450	52,213
York, Pa.	25,693	34,258	40,938	26,438	37,237	46,918	30,139	42,450	52,213
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	27,198	36,264	43,335	27,986	39,417	49,666	31,904	44,935	55,271
Augusta, Ga.-Aiken, S.C.	25,065	33,419	39,936	25,791	36,326	45,770	29,402	41,411	50,936
Charleston, S.C.	24,798	33,064	39,511	25,517	35,939	45,283	29,089	40,971	50,394
Charlotte, N.C.-Rock Hill, S.C.	26,931	35,908	42,910	27,712	39,031	49,179	31,591	44,495	54,729
Greensboro, N.C.	25,331	33,775	40,361	26,066	36,712	46,257	29,715	41,852	51,478
Greenville-Anderson,	25,065	33,419	39,936	25,791	36,326	45,770	29,402	41,411	50,936

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WP Ex11.01-S3.2

Help Desk Representative II

The Help Desk Representative II is responsible for providing level 1 support to end users on a wide range of IT problems and issues. This requires strong communication skills and the ability to categorize, research, resolve, and, when required, escalate incidents to the appropriate support personnel. This individual must have working knowledge of IT systems, processes, and terminology. This position typically requires some coursework in IT and three to four years experience in the IT field. The Help Desk Representative II usually reports to a lead or supervisor within the data center operations organization.

Help Desk Representative II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$30,981	$41,308	$49,363	$31,879	$44,900	$56,574	$36,342	$51,186	$62,959
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	34,615	46,153	55,153	35,618	50,166	63,209	40,605	57,189	70,343
Hartford, Conn.	34,615	46,153	55,153	35,618	50,166	63,209	40,605	57,189	70,343
Providence, R.I.-Fall River, Mass.	33,378	44,505	53,183	34,346	48,375	60,952	39,154	55,147	67,831
Springfield, Mass.	33,688	44,917	53,675	34,664	48,822	61,516	39,517	55,658	68,459
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	30,965	41,287	49,337	31,862	44,877	56,545	36,323	51,159	62,926
Johnstown, Pa.	26,939	35,919	42,924	27,720	39,043	49,194	31,601	44,509	54,746
New York, N.Y.-Northern New Jersey	35,300	47,067	56,245	36,323	51,159	64,461	41,408	58,322	71,736
Philadelphia, Pa.-Atlantic City, N.J.	32,513	43,351	51,804	33,456	47,121	59,372	38,139	53,717	66,072
Pittsburgh, Pa.	29,726	39,635	47,364	30,588	43,082	54,283	34,870	49,113	60,409
Reading, Pa.	31,584	42,112	50,324	32,500	45,774	57,675	37,050	52,183	64,185
Rochester, N.Y.	30,036	40,048	47,857	30,907	43,530	54,848	35,233	49,625	61,038
York, Pa.	30,036	40,048	47,857	30,907	43,530	54,848	35,233	49,625	61,038
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	31,795	42,393	50,659	32,716	46,079	58,060	37,296	52,530	64,612
Augusta, Ga.-Aiken, S.C.	29,301	39,068	46,686	30,150	42,465	53,506	34,371	48,410	59,545
Charleston, S.C.	28,989	38,652	46,189	29,829	42,013	52,937	34,006	47,895	58,911
Charlotte, N.C.-Rock Hill, S.C.	31,483	41,977	50,163	32,395	45,627	57,490	36,931	52,015	63,979
Greensboro, N.C.	29,613	39,483	47,183	30,471	42,917	54,075	34,737	48,925	60,178

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WP Ex11.01-S3.2

Help Desk Representative III

The Help Desk Representative III is responsible for providing level 1 support to end users on a wide range of IT problems and issues. This requires exceptional communication skills and the ability to categorize, research, resolve, and, when required, escalate incidents to the appropriate support personnel. The Help Desk Representative III may have training and supervisory responsibilities. This individual must have a strong understanding of IT systems, processes, and terminology. This position typically requires significant coursework in IT and six years experience in the IT field. The Help Desk Representative III usually reports to a data center supervisor or manager.

Help Desk Representative III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$37,327	$49,769	$59,474	$38,409	$54,097	$68,162	$43,786	$61,670	$75,855
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	41,704	55,606	66,449	42,913	60,441	76,156	48,921	68,903	84,751
Hartford, Conn.	41,704	55,606	66,449	42,913	60,441	76,156	48,921	68,903	84,751
Providence, R.I.-Fall River, Mass.	40,215	53,620	64,076	41,381	58,283	73,436	47,174	66,442	81,724
Springfield, Mass.	32,395	43,194	51,617	33,334	46,950	59,157	38,001	53,523	65,833
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	37,307	49,743	59,443	38,388	54,068	68,126	43,763	61,638	75,815
Johnstown, Pa.	32,457	43,276	51,715	33,398	47,039	59,270	38,074	53,625	65,959
New York, N.Y.-Northern New Jersey	42,530	56,707	67,765	43,763	61,638	77,664	49,890	70,267	86,429
Philadelphia, Pa.-Atlantic City, N.J.	39,172	52,230	62,415	40,308	56,772	71,532	45,951	64,720	79,605
Pittsburgh, Pa.	35,815	47,753	57,065	36,853	51,906	65,401	42,012	59,172	72,782
Reading, Pa.	38,053	50,738	60,632	39,156	55,150	69,489	44,638	62,871	77,331
Rochester, N.Y.	36,188	48,251	57,659	37,237	52,446	66,082	42,450	59,789	73,540
York, Pa.	36,188	48,251	57,659	37,237	52,446	66,082	42,450	59,789	73,540
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	38,307	51,076	61,035	39,417	55,517	69,951	44,935	63,289	77,846
Augusta, Ga.-Aiken, S.C.	35,302	47,070	56,248	36,326	51,163	64,465	41,411	58,326	71,740
Charleston, S.C.	34,927	46,569	55,650	35,939	50,618	63,779	40,971	57,705	70,977
Charlotte, N.C.-Rock Hill, S.C.	37,931	50,575	60,437	39,031	54,973	69,266	44,495	62,669	77,083

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WP Ex11.01-S3.2

Production Control Analyst II

The Production Control Analyst II assists in developing and maintaining data center production schedules. This includes ensuring that all required data, parameters, and other inputs are collected, and entered into schedules and job streams prior to execution. This individual must have strong working knowledge in scheduling software and JCL. The Production Control Analyst II is also responsible for assisting computer operations personnel with production aborts and escalation of problems to technical support personnel. This position may require an associate's degree in a related field and four plus years experience in the IT field. The Production Control Analyst II usually reports to a senior analyst or data center supervisor.

Production Control Analyst II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$38,525	$51,367	$61,383	$39,642	$55,833	$70,350	$45,191	$63,650	$78,289
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	43,058	57,410	68,605	44,306	62,402	78,627	50,508	71,139	87,500
Hartford, Conn.	43,058	57,410	68,605	44,306	62,402	78,627	50,508	71,139	87,500
Providence, R.I.-Fall River, Mass.	41,520	55,360	66,155	42,723	60,174	75,819	48,705	68,598	84,375
Springfield, Mass.	41,904	55,872	66,767	43,119	60,731	76,521	49,155	69,233	85,157
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	38,507	51,343	61,355	39,624	55,808	70,318	45,171	63,621	78,254
Johnstown, Pa.	33,501	44,669	53,379	34,472	48,553	61,177	39,299	55,350	68,081
New York, N.Y.-Northern New Jersey	43,898	58,531	69,945	45,171	63,621	80,162	51,495	72,528	89,209
Philadelphia, Pa.-Atlantic City, N.J.	40,433	53,910	64,423	41,605	58,598	73,834	47,429	66,802	82,166
Pittsburgh, Pa.	36,967	49,289	58,901	38,039	53,575	67,505	43,364	61,076	75,124
Reading, Pa.	39,278	52,370	62,582	40,416	56,924	71,724	46,074	64,893	79,819
Rochester, N.Y.	37,352	49,803	59,514	38,435	54,134	68,208	43,816	61,712	75,906
York, Pa.	37,352	49,803	59,514	38,435	54,134	68,208	43,816	61,712	75,906
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	39,503	52,670	62,941	40,648	57,251	72,136	46,339	65,266	80,277
Augusta, Ga.-Aiken, S.C.	36,405	48,539	58,005	37,460	52,760	66,478	42,704	60,147	73,980
Charleston, S.C.	36,017	48,023	57,388	37,061	52,199	65,771	42,250	59,507	73,193
Charlotte, N.C.-Rock Hill, S.C.	39,116	52,154	62,324	40,249	56,689	71,428	45,884	64,626	79,490

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53.2/27

WP Ex11.01-S3.2

Shift Supervisor, Data Center Operations

The Shift Supervisor, Data Center Operations is responsible for the ongoing supervision of the corporate data center environment. This individual oversees the execution of schedules on a specific shift and ensures the successful completion of all production related tasks. The Shift Supervisor supports and coordinates data retention, system, and application recovery efforts, and administers computer operations policies and procedures. This individual must be adept in a variety of data center operating systems and utilities and be capable of coordinating recovery efforts with personnel from various internal and external organizations. This position typically requires an associate's degree in a related area and at least six to eight years experience in the IT field, with at least three years in a senior operator or technical support role. The Shift Supervisor, Data Center Operations usually reports to the Data Center Manager.

Shift Supervisor, Data Center Operations: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$47,955	$63,940	$76,409	$49,345	$69,500	$87,570	$56,254	$79,230	$97,453
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	53,597	71,463	85,399	55,151	77,677	97,874	62,872	88,552	108,919
Hartford, Conn.	53,597	71,463	85,399	55,151	77,677	97,874	62,872	88,552	108,919
Providence, R.I.-Fall River, Mass.	51,683	68,911	82,349	53,181	74,903	94,378	60,627	85,390	105,029
Springfield, Mass.	52,162	69,549	83,111	53,674	75,597	95,252	61,188	86,180	106,002
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	47,933	63,911	76,374	49,323	69,469	87,531	56,228	79,194	97,409
Johnstown, Pa.	41,702	55,603	66,445	42,911	60,438	76,152	48,918	68,899	84,746
New York, N.Y.-Northern New Jersey	54,644	72,859	87,066	56,228	79,194	99,785	64,100	90,282	111,046
Philadelphia, Pa.-Atlantic City, N.J.	50,330	67,107	80,193	51,789	72,942	91,907	59,039	83,154	102,280
Pittsburgh, Pa.	46,016	61,355	73,319	47,350	66,690	84,029	53,979	76,027	93,513
Reading, Pa.	48,892	65,189	77,901	50,309	70,858	89,281	57,353	80,778	99,357
Rochester, N.Y.	46,495	61,994	74,083	47,843	67,385	84,905	54,541	76,819	94,487
York, Pa.	46,495	61,994	74,083	47,843	67,385	84,905	54,541	76,819	94,487
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	49,173	65,563	78,348	50,598	71,265	89,793	57,682	81,242	99,927
Augusta, Ga.-Aiken, S.C.	45,316	60,421	72,203	46,629	65,675	82,751	53,158	74,870	92,090
Charleston, S.C.	44,834	59,778	71,435	46,133	64,977	81,870	52,592	74,073	91,110

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WP Ex11.01-S3.2

Technical Support Analyst I

The Technical Support Analyst I assists senior personnel in ensuring that all hardware platforms, operating systems, utilities, and related tools and devices are available to successfully maintain production schedules and service levels. This individual assists in analyzing and evaluating system malfunctions and takes appropriate action as directed. The Technical Support Analyst I must have working knowledge in a variety of operating systems, hardware platforms, and technical disciplines. This position typically requires an associate's degree in a related field and two to three years experience in the IT field. The Technical Support Analyst I usually reports to a senior/lead analyst or the Data Center Manager.

Technical Support Analyst I: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$34,145	$45,526	$54,404	$35,134	$49,485	$62,351	$40,053	$56,413	$69,388
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	38,136	50,848	60,764	39,242	55,270	69,640	44,736	63,008	77,500
Hartford, Conn.	38,136	50,848	60,764	39,242	55,270	69,640	44,736	63,008	77,500
Providence, R.I.-Fall River, Mass.	36,774	49,032	58,594	37,840	53,296	67,153	43,138	60,758	74,732
Springfield, Mass.	37,115	49,486	59,136	38,191	53,790	67,775	43,537	61,320	75,424
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	34,124	45,499	54,371	35,113	49,455	62,314	40,029	56,379	69,346
Johnstown, Pa.	29,688	39,584	47,303	30,549	43,026	54,213	34,825	49,050	60,331
New York, N.Y.-Northern New Jersey	38,902	51,869	61,983	40,029	56,379	71,038	45,633	64,272	79,055
Philadelphia, Pa.-Atlantic City, N.J.	35,830	47,774	57,090	36,869	51,928	65,429	42,031	59,198	72,813
Pittsburgh, Pa.	32,759	43,679	52,196	33,709	47,477	59,821	38,428	54,124	66,572
Reading, Pa.	34,807	46,409	55,459	35,816	50,444	63,560	40,830	57,507	70,733
Rochester, N.Y.	33,100	44,134	52,740	34,060	47,972	60,444	38,828	54,688	67,266
York, Pa.	33,100	44,134	52,740	34,060	47,972	60,444	38,828	54,688	67,266
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	35,070	46,760	55,879	36,087	50,827	64,041	41,139	57,942	71,269
Augusta, Ga.-Aiken, S.C.	32,320	43,093	51,496	33,257	46,840	59,019	37,912	53,398	65,679
Charleston, S.C.	31,976	42,635	50,948	32,903	46,342	58,391	37,509	52,830	64,981
Charlotte, N.C.-Rock Hill, S.C.	34,727	46,302	55,331	35,733	50,328	63,414	40,736	57,374	70,570

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WP Ex11.01-S3.2

Technical Support Analyst II

The Technical Support Analyst II assists in ensuring that all hardware platforms, operating systems, utilities, and related tools, and devices are available to successfully maintain production schedules and service levels. This individual analyzes and evaluates all system malfunctions and takes appropriate action. The Technical Support Analyst II must have significant knowledge in a variety of operating systems, hardware platforms, and technical disciplines. This position typically requires a bachelor's degree in a related field and four to six years experience in the IT field. The Technical Support Analyst II usually reports to a senior or lead analyst or the Data Center Manager.

Technical Support Analyst II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$42,809	$57,079	$68,209	$44,050	$62,042	$78,173	$50,217	$70,728	$86,995
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	47,813	63,751	76,183	49,199	69,295	87,311	56,087	78,996	97,165
Hartford, Conn.	47,813	63,751	76,183	49,199	69,295	87,311	56,087	78,996	97,165
Providence, R.I.-Fall River, Mass.	46,106	61,474	73,462	47,442	66,820	84,193	54,084	76,175	93,695
Springfield, Mass.	46,533	62,044	74,142	47,881	67,439	84,973	54,585	76,880	94,563
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	42,783	57,044	68,168	44,023	62,005	78,126	50,187	70,685	86,943
Johnstown, Pa.	37,221	49,628	59,306	38,300	53,944	67,969	43,662	61,496	75,640
New York, N.Y.-Northern New Jersey	48,773	65,030	77,711	50,187	70,685	89,063	57,213	80,581	99,115
Philadelphia, Pa.-Atlantic City, N.J.	44,922	59,896	71,576	46,224	65,105	82,032	52,696	74,219	91,290
Pittsburgh, Pa.	41,072	54,762	65,441	42,262	59,524	75,001	48,179	67,858	83,465
Reading, Pa.	43,639	58,185	69,531	44,904	63,245	79,688	51,190	72,099	88,682
Rochester, N.Y.	41,500	55,333	66,123	42,703	60,144	75,782	48,681	68,565	84,335
York, Pa.	41,500	55,333	66,123	42,703	60,144	75,782	48,681	68,565	84,335
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	43,969	58,626	70,058	45,244	63,724	80,292	51,578	72,645	89,354
Augusta, Ga.-Aiken, S.C.	40,521	54,028	64,563	41,695	58,726	73,995	47,533	66,948	82,345
Charleston, S.C.	40,090	53,453	63,876	41,252	58,101	73,207	47,027	66,235	81,469
Charlotte, N.C.-Rock Hill, S.C.	43,538	58,051	69,371	44,800	63,099	79,505	51,072	71,933	88,478

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S3.2/30

WP Ex11.01-S3.2

Technical Support Analyst III

The Technical Support Analyst III is responsible for ensuring that all hardware platforms, operating systems, utilities, and related tools, and devices are available to successfully maintain production schedules and service levels. This individual analyzes and evaluates all system malfunctions and takes appropriate action. The Technical Support Analyst III may have training and supervisory responsibilities. This individual must have expert knowledge in a variety of operating systems, hardware platforms, and technical disciplines. This position typically requires a bachelor's degree in a related field and eight years experience in the IT field. The Technical Support Analyst III usually reports to the Data Center Manager or Director, IT Operations.

Technical Support Analyst III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$48,091	$64,121	$76,625	$49,485	$69,697	$87,818	$56,413	$79,455	$97,729
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	53,713	71,617	85,583	55,270	77,845	98,085	63,008	88,743	109,154
Hartford, Conn.	53,713	71,617	85,583	55,270	77,845	98,085	63,008	88,743	109,154
Providence, R.I.-Fall River, Mass.	51,795	69,060	82,526	53,296	75,065	94,582	60,758	85,574	105,256
Springfield, Mass.	52,274	69,699	83,290	53,790	75,760	95,458	61,320	86,366	106,231
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	48,062	64,083	76,579	49,455	69,655	87,766	56,379	79,407	97,671
Johnstown, Pa.	41,814	55,752	66,624	43,026	60,600	76,356	49,050	69,084	84,973
New York, N.Y.-Northern New Jersey	54,791	73,054	87,300	56,379	79,407	100,053	64,272	90,524	111,345
Philadelphia, Pa.-Atlantic City, N.J.	50,465	67,287	80,408	51,928	73,138	92,154	59,198	83,377	102,554
Pittsburgh, Pa.	46,140	61,520	73,516	47,477	66,869	84,255	54,124	76,231	93,764
Reading, Pa.	49,023	65,365	78,111	50,444	71,048	89,521	57,507	80,995	99,624
Rochester, N.Y.	46,620	62,160	74,282	47,972	67,566	85,133	54,688	77,025	94,741
York, Pa.	46,620	62,160	74,282	47,972	67,566	85,133	54,688	77,025	94,741
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	49,395	65,860	78,702	50,827	71,587	90,199	57,942	81,609	100,379
Augusta, Ga.-Aiken, S.C.	45,521	60,694	72,530	46,840	65,972	83,125	53,398	75,208	92,506
Charleston, S.C.	45,036	60,049	71,758	46,342	65,270	82,241	52,830	74,408	91,522
Charlotte, N.C.-Rock Hill, S.C.	48,911	65,214	77,931	50,328	70,885	89,315	57,374	80,809	99,395

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53.2/31

WP Ex11.01-S3.2

Information Security Analyst II

The Information Security Analyst II is responsible for maintaining the security of all networks and computer systems, including the protection of data from unauthorized use or access. This individual monitors various security systems and resolves and reports security violations. The Information Security Analyst II must be highly skilled in data, network, and system security techniques and tools. This position typically requires coursework leading to a bachelor's degree in a related area and four to six years experience in the IT field, with at least two to three years in security. The Information Security Analyst II usually reports to the Manager, Information Security.

Information Security Analyst II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$47,067	$62,756	$74,993	$48,431	$68,213	$85,948	$55,212	$77,763	$95,648
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	52,569	70,092	83,760	54,093	76,187	95,996	61,666	86,854	106,830
Hartford, Conn.	52,569	70,092	83,760	54,093	76,187	95,996	61,666	86,854	106,830
Providence, R.I.-Fall River, Mass.	50,692	67,589	80,769	52,161	73,466	92,568	59,464	83,752	103,015
Springfield, Mass.	51,161	68,215	81,517	52,644	74,147	93,425	60,014	84,527	103,968
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	47,039	62,718	74,948	48,402	68,172	85,897	55,178	77,716	95,591
Johnstown, Pa.	40,924	54,565	65,205	42,110	59,310	74,730	48,005	67,613	83,164
New York, N.Y.-Northern New Jersey	53,624	71,499	85,441	55,178	77,716	97,922	62,903	88,596	108,974
Philadelphia, Pa.-Atlantic City, N.J.	49,391	65,854	78,696	50,822	71,581	90,192	57,937	81,602	100,370
Pittsburgh, Pa.	45,157	60,210	71,950	46,466	65,445	82,461	52,971	74,607	91,767
Reading, Pa.	47,979	63,973	76,447	49,370	69,535	87,615	56,282	79,270	97,503
Rochester, N.Y.	45,628	60,837	72,700	46,950	66,127	83,320	53,523	75,385	92,723
York, Pa.	45,628	60,837	72,700	46,950	66,127	83,320	53,523	75,385	92,723
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	48,343	64,457	77,026	49,744	70,062	88,278	56,708	79,871	98,241
Augusta, Ga.-Aiken, S.C.	44,551	59,402	70,985	45,843	64,567	81,355	52,261	73,607	90,536
Charleston, S.C.	44,077	58,770	70,230	45,355	63,880	80,489	51,705	72,824	89,573
Charlotte, N.C.-Rock Hill, S.C.	47,869	63,825	76,271	49,257	69,375	87,413	56,152	79,088	97,278

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53.2/32

WP Ex11.01-S3.2

Information Security Analyst III

The Information Security Analyst III is responsible for maintaining the security of all networks and computer systems, including the protection of data from unauthorized use or access. This individual oversees the monitoring of various security systems and resolves and reports security violations. The Information Security Analyst III must have expert knowledge of data, network, and system security techniques and tools. This individual may have training and supervisory responsibilities. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with at least four to six years in security. The Information Security Analyst III usually reports to the Manager of Information Security.

Information Security Analyst III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$56,707	$75,610	$90,353	$58,351	$82,184	$103,552	$66,520	$93,690	$115,239
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	63,336	84,449	100,916	65,172	91,792	115,658	74,296	104,643	128,711
Hartford, Conn.	63,336	84,449	100,916	65,172	91,792	115,658	74,296	104,643	128,711
Providence, R.I.-Fall River, Mass.	61,074	81,433	97,312	62,845	88,514	111,527	71,643	100,906	124,114
Springfield, Mass.	61,640	82,187	98,213	63,427	89,333	112,560	72,306	101,840	125,263
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	56,673	75,564	90,299	58,316	82,135	103,490	66,480	93,634	115,170
Johnstown, Pa.	49,306	65,741	78,560	50,735	71,457	90,036	57,838	81,461	100,198
New York, N.Y.-Northern New Jersey	64,607	86,143	102,941	66,480	93,634	117,979	75,787	106,743	131,293
Philadelphia, Pa.-Atlantic City, N.J.	59,507	79,342	94,814	61,232	86,242	108,665	69,804	98,316	120,928
Pittsburgh, Pa.	54,406	72,542	86,687	55,983	78,850	99,350	63,821	89,888	110,563
Reading, Pa.	57,807	77,075	92,105	59,482	83,778	105,560	67,810	95,507	117,473
Rochester, N.Y.	54,973	73,297	87,590	56,566	79,671	100,385	64,486	90,825	111,715
York, Pa.	54,973	73,297	87,590	56,566	79,671	100,385	64,486	90,825	111,715
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	58,245	77,659	92,803	59,933	84,412	106,360	68,323	96,230	118,363
Augusta, Ga.-Aiken, S.C.	53,676	71,568	85,524	55,232	77,792	98,018	62,965	88,683	109,080
Charleston, S.C.	53,105	70,807	84,615	54,645	76,964	96,975	62,295	87,739	107,919
Charlotte, N.C.-Rock Hill, S.C.	57,674	76,898	91,893	59,345	83,585	105,317	67,654	95,287	117,203

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53.2/33

WP Ex11.01-S3.2

Network Administrator III

The Network Administrator III is responsible for maintaining the corporate-wide LAN/WAN network environments. This individual installs and configures new network system components and implements network upgrades and software as required. The Network Administrator III participates in network system recovery efforts and assists security personnel in monitoring and reporting network access violations. This individual must be an expert in all aspects of managing complex network environments and may have training and supervisory responsibilities. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with at least four to six years in network administration. The Network Administrator III usually reports to the Manager or Director of Telecommunications.

Network Administrator III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$48,372	$64,496	$77,073	$49,774	$70,104	$88,332	$56,743	$79,919	$98,301
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	54,031	72,041	86,089	55,597	78,305	98,665	63,380	89,268	109,800
Hartford, Conn.	54,031	72,041	86,089	55,597	78,305	98,665	63,380	89,268	109,800
Providence, R.I.-Fall River, Mass.	52,101	69,468	83,014	53,611	75,509	95,141	61,117	86,080	105,878
Springfield, Mass.	52,583	70,111	83,783	54,107	76,208	96,022	61,683	86,877	106,859
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	48,344	64,458	77,028	49,745	70,063	88,280	56,709	79,872	98,243
Johnstown, Pa.	42,059	56,079	67,014	43,278	60,955	76,803	49,337	69,489	85,471
New York, N.Y.-Northern New Jersey	55,112	73,482	87,812	56,709	79,872	100,639	64,649	91,054	111,997
Philadelphia, Pa.-Atlantic City, N.J.	50,761	67,681	80,879	52,232	73,567	92,694	59,545	83,866	103,155
Pittsburgh, Pa.	46,410	61,880	73,947	47,755	67,261	84,749	54,441	76,677	94,313
Reading, Pa.	49,311	65,747	78,568	50,740	71,465	90,045	57,843	81,470	100,208
Rochester, N.Y.	46,893	62,525	74,717	48,253	67,961	85,631	55,008	77,476	95,296
York, Pa.	46,893	62,525	74,717	48,253	67,961	85,631	55,008	77,476	95,296
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	49,675	66,234	79,149	51,115	71,993	90,711	58,271	82,072	100,949
Augusta, Ga.-Aiken, S.C.	45,779	61,039	72,941	47,106	66,347	83,597	53,701	75,635	93,031
Charleston, S.C.	45,292	60,389	72,165	46,605	65,641	82,707	53,130	74,830	92,041

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S3.2/34

WP Ex11.01-S3.2

Systems Administrator II

The Systems Administrator II is responsible for maintaining a variety of server and midrange systems environments, including Windows Server, Unix, Linux, and OS/400 platforms. This individual installs and configures new operating systems environments and implements system upgrades and patches as required. The Systems Administrator II participates in system recovery efforts and performs system backups and restorations. This individual must have strong working knowledge in a variety of server and midrange O/S environments. This position typically requires a bachelor's degree in a related area and four to six years experience in the IT field, with at least three years in systems administration. The Systems Administrator II usually reports to the Manager of Systems Programming or the Data Center Manager.

Systems Administrator II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$47,274	$63,031	$75,322	$48,644	$68,512	$86,326	$55,454	$78,104	$96,068
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	52,804	70,405	84,134	54,334	76,527	96,424	61,941	87,241	107,306
Hartford, Conn.	52,804	70,405	84,134	54,334	76,527	96,424	61,941	87,241	107,306
Providence, R.I.-Fall River, Mass.	50,918	67,890	81,129	52,394	73,794	92,980	59,729	84,125	103,474
Springfield, Mass.	51,389	68,519	81,880	52,879	74,477	93,841	60,282	84,904	104,432
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	47,246	62,994	75,278	48,615	68,472	86,275	55,421	78,058	96,012
Johnstown, Pa.	41,104	54,805	65,492	42,295	59,571	75,059	48,217	67,911	83,530
New York, N.Y.-Northern New Jersey	53,860	71,814	85,817	55,421	78,058	98,353	63,180	88,986	109,453
Philadelphia, Pa.-Atlantic City, N.J.	49,608	66,144	79,042	51,046	71,896	90,589	58,192	81,961	100,812
Pittsburgh, Pa.	45,356	60,475	72,267	46,671	65,733	82,824	53,205	74,936	92,171
Reading, Pa.	48,191	64,254	76,784	49,588	69,842	88,000	56,530	79,619	97,932
Rochester, N.Y.	45,828	61,105	73,020	47,157	66,418	83,687	53,759	75,717	93,131
York, Pa.	45,828	61,105	73,020	47,157	66,418	83,687	53,759	75,717	93,131
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	48,547	64,729	77,352	49,954	70,358	88,651	56,948	80,208	98,656
Augusta, Ga.-Aiken, S.C.	44,739	59,653	71,285	46,036	64,840	81,698	52,481	73,917	90,918
Charleston, S.C.	44,263	59,018	70,526	45,546	64,150	80,829	51,923	73,131	89,951

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WP Ex11.01-S3.2

Systems Administrator III

The Systems Administrator III is responsible for maintaining a variety of server and midrange system environments, including Windows Server, Unix, Linux, and OS/400 platforms. This individual installs and configures new operating systems environments and implements systems upgrades and patches as required. The Systems Administrator III participates in system recovery efforts and performs system backups and restores. This individual must be an expert in all aspects of managing server and midrange O/S environments, and may have training and supervisory responsibilities. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with at least four to six years in systems administration. The Systems Administrator III usually reports to the Manager of Systems Programming or the Data Center Manager.

Systems Administrator III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$56,956	$75,941	$90,750	$58,607	$82,545	$104,007	$66,812	$94,101	$115,745
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	63,619	84,825	101,366	65,463	92,201	116,173	74,627	105,109	129,284
Hartford, Conn.	63,619	84,825	101,366	65,463	92,201	116,173	74,627	105,109	129,284
Providence, R.I.-Fall River, Mass.	61,347	81,795	97,746	63,125	88,908	112,024	71,962	101,355	124,667
Springfield, Mass.	61,915	82,553	98,651	63,709	89,731	113,061	72,629	102,294	125,821
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	56,923	75,897	90,697	58,573	82,497	103,946	66,773	94,046	115,677
Johnstown, Pa.	49,523	66,030	78,906	50,958	71,772	90,433	58,092	81,820	100,639
New York, N.Y.-Northern New Jersey	64,892	86,522	103,394	66,773	94,046	118,498	76,121	107,213	131,871
Philadelphia, Pa.-Atlantic City, N.J.	59,769	79,692	95,232	61,501	86,621	109,143	70,111	98,748	121,461
Pittsburgh, Pa.	54,646	72,861	87,069	56,230	79,197	99,788	64,102	90,284	111,050
Reading, Pa.	58,061	77,415	92,511	59,744	84,147	106,025	68,108	95,927	117,990
Rochester, N.Y.	55,215	73,620	87,976	56,815	80,022	100,827	64,770	91,225	112,206
York, Pa.	55,215	73,620	87,976	56,815	80,022	100,827	64,770	91,225	112,206
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	58,490	77,987	93,195	60,186	84,769	106,809	68,612	96,636	118,863
Augusta, Ga.-Aiken, S.C.	53,903	71,871	85,885	55,465	78,120	98,431	63,230	89,057	109,540
Charleston, S.C.	53,330	71,106	84,972	54,875	77,289	97,384	62,558	88,110	108,375

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53.2/36

WP Ex11.01-S3.2

Systems Programmer II

The Systems Programmer II is responsible for the proper functioning of all operating systems (O/S), including all utilities and tools required to maintain the production and test environments. This individual will assist in the review of proposed modifications to the O/S environments and will participate in the testing and implementation of all changes. The Systems Programmer II provides senior (level 2 or 3) technical support during recovery efforts involving failures related to the O/S environments. This individual must be adept in all aspects of managing complex O/S environments. This position typically requires a bachelor's degree in a related area and four years experience in the IT field, with at least three years in systems programming. The Systems Programmer II usually reports to the Manager of Systems Programming or the Data Center Manager.

Systems Programmer II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$44,277	$59,036	$70,548	$45,560	$64,170	$80,854	$51,939	$73,153	$89,979
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	49,456	65,942	78,801	50,890	71,676	90,312	58,015	81,711	100,504
Hartford, Conn.	49,456	65,942	78,801	50,890	71,676	90,312	58,015	81,711	100,504
Providence, R.I.-Fall River, Mass.	47,690	63,587	75,986	49,072	69,116	87,086	55,943	78,792	96,915
Springfield, Mass.	48,132	64,176	76,690	49,527	69,756	87,893	56,461	79,522	97,812
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	44,251	59,001	70,507	45,534	64,132	80,806	51,908	73,110	89,926
Johnstown, Pa.	38,498	51,331	61,341	39,614	55,795	70,301	45,160	63,606	78,235
New York, N.Y.-Northern New Jersey	50,446	67,262	80,378	51,908	73,110	92,119	59,176	83,346	102,515
Philadelphia, Pa.-Atlantic City, N.J.	46,464	61,951	74,032	47,810	67,339	84,847	54,504	76,766	94,422
Pittsburgh, Pa.	42,481	56,641	67,686	43,712	61,567	77,574	49,832	70,186	86,329
Reading, Pa.	45,136	60,181	71,917	46,444	65,415	82,422	52,947	74,573	91,724
Rochester, N.Y.	42,924	57,231	68,391	44,168	62,208	78,382	50,351	70,917	87,228
York, Pa.	42,924	57,231	68,391	44,168	62,208	78,382	50,351	70,917	87,228
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	45,470	60,626	72,449	46,788	65,898	83,032	53,338	75,124	92,403
Augusta, Ga.-Aiken, S.C.	41,904	55,871	66,766	43,118	60,730	76,520	49,155	69,232	85,155
Charleston, S.C.	41,458	55,277	66,056	42,659	60,084	75,706	48,632	68,495	84,249

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53.2/37

WP Ex11.01-S3.2

Telecommunications Support Analyst III

The Telecommunications Support Analyst III is responsible for maintaining and supporting corporate-wide telecommunications environments, including data, voice, and video communications systems. This individual provides senior (level 3) technical support during recovery efforts involving failures related to telecommunications. The Telecommunications Support Analyst III must have expert knowledge in a variety of telecommunications disciplines and may have training and supervisory responsibility. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with four to six years in telecommunications. The Telecommunications Support Analyst III usually reports to the Manager or Director of Telecommunications.

Telecommunications Support Anayst III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$50,235	$66,979	$80,040	$51,691	$72,804	$91,733	$58,927	$82,996	$102,085
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	56,115	74,820	89,409	57,741	81,326	102,470	65,825	92,711	114,035
Hartford, Conn.	56,115	74,820	89,409	57,741	81,326	102,470	65,825	92,711	114,035
Providence, R.I.-Fall River, Mass.	54,111	72,147	86,216	55,679	78,421	98,811	63,474	89,400	109,962
Springfield, Mass.	54,612	72,815	87,014	56,195	79,147	99,726	64,062	90,228	110,980
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	50,206	66,941	79,995	51,661	72,762	91,680	58,894	82,949	102,027
Johnstown, Pa.	43,679	58,239	69,595	44,945	63,303	79,762	51,237	72,165	88,763
New York, N.Y.-Northern New Jersey	57,235	76,313	91,194	58,894	82,949	104,515	67,139	94,562	116,311
Philadelphia, Pa.-Atlantic City, N.J.	52,716	70,288	83,994	54,244	76,400	96,264	61,838	87,096	107,128
Pittsburgh, Pa.	48,198	64,263	76,795	49,595	69,852	88,013	56,538	79,631	97,946
Reading, Pa.	51,210	68,280	81,594	52,694	74,217	93,514	60,071	84,608	104,067
Rochester, N.Y.	48,700	64,933	77,595	50,111	70,579	88,930	57,127	80,460	98,966
York, Pa.	48,700	64,933	77,595	50,111	70,579	88,930	57,127	80,460	98,966
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	51,579	68,772	82,183	53,074	74,753	94,188	60,505	85,218	104,818
Augusta, Ga.-Aiken, S.C.	47,534	63,378	75,737	48,912	68,890	86,801	55,759	78,534	96,597
Charleston, S.C.	47,028	62,704	74,931	48,391	68,157	85,877	55,166	77,699	95,569

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Test Engineer II

The Test Engineer II is responsible for the accurate testing, evaluation, and approval of new and modified hardware and software systems maintained by the IT organization. This requires the creation and use of test scripts and advanced automated testing tools. This individual may participate in the design of new systems and provide input on adherence to IT standards. This position typically requires a bachelor's degree in a related area and three to four years experience in the field, with two years in a testing capacity. The Test Engineer II usually reports to a lead test engineer or the Data Center Manager.

Test Engineer II: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$42,332	$56,442	$67,448	$43,559	$61,350	$77,301	$49,657	$69,939	$86,025
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	47,284	63,045	75,338	48,654	68,527	86,344	55,466	78,121	96,088
Hartford, Conn.	47,284	63,045	75,338	48,654	68,527	86,344	55,466	78,121	96,088
Providence, R.I.-Fall River, Mass.	45,595	60,793	72,648	46,916	66,079	83,260	53,485	75,331	92,657
Springfield, Mass.	46,017	61,356	73,320	47,351	66,691	84,031	53,980	76,028	93,515
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	42,307	56,409	67,409	43,533	61,314	77,256	49,628	69,898	85,975
Johnstown, Pa.	36,807	49,076	58,646	37,874	53,343	67,213	43,176	60,811	74,798
New York, N.Y.-Northern New Jersey	48,230	64,306	76,846	49,628	69,898	88,072	56,576	79,684	98,011
Philadelphia, Pa.-Atlantic City, N.J.	44,422	59,230	70,779	45,710	64,380	81,119	52,109	73,393	90,274
Pittsburgh, Pa.	40,615	54,153	64,712	41,792	58,862	74,166	47,643	67,102	82,536
Reading, Pa.	43,153	57,537	68,757	44,404	62,540	78,801	50,620	71,296	87,694
Rochester, N.Y.	41,038	54,717	65,387	42,227	59,475	74,938	48,139	67,801	83,396
York, Pa.	41,038	54,717	65,387	42,227	59,475	74,938	48,139	67,801	83,396
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	43,472	57,963	69,265	44,732	63,003	79,384	50,995	71,823	88,343
Augusta, Ga.-Aiken, S.C.	40,062	53,417	63,833	41,224	58,062	73,158	46,995	66,190	81,414
Charleston, S.C.	39,636	52,848	63,154	40,785	57,444	72,379	46,495	65,486	80,548
Charlotte, N.C.-Rock Hill, S.C.	43,046	57,394	68,586	44,294	62,385	78,605	50,495	71,119	87,477
Greensboro, N.C.	40,489	53,985	64,512	41,662	58,679	73,936	47,495	66,894	82,280

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Unix Systems Administrator III

The Unix Systems Administrator III is responsible for maintaining Unix systems environments. This individual installs and configures new Unix operating systems environments and implements system upgrades and patches as required. The Unix Systems Administrator III participates in system recovery efforts and performs system backups and restorations. This individual must be an expert in all aspects of managing Unix server and O/S environments and may have training and supervisory responsibilities. This position typically requires a bachelor's degree in a related area and eight years experience in the IT field, with at least four to six years in systems administration. The Unix Systems Administrator III usually reports to the Manager of Systems Programming or the Data Center Manager.

Unix Systems Administrator III: Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$55,871	$74,494	$89,021	$57,490	$80,972	$102,025	$65,539	$92,308	$113,539
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	62,406	83,208	99,434	64,215	90,444	113,959	73,205	103,106	126,821
Hartford, Conn.	62,406	83,208	99,434	64,215	90,444	113,959	73,205	103,106	126,821
Providence, R.I.-Fall River, Mass.	60,178	80,237	95,883	61,922	87,214	109,889	70,591	99,424	122,291
Springfield, Mass.	60,735	80,980	96,771	62,495	88,021	110,907	71,244	100,344	123,424
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	55,838	74,451	88,968	57,456	80,924	101,965	65,500	92,254	113,472
Johnstown, Pa.	48,579	64,772	77,402	49,987	70,404	88,709	56,985	80,261	98,721
New York, N.Y.-Northern New Jersey	63,655	84,874	101,424	65,500	92,254	116,240	74,670	105,169	129,358
Philadelphia, Pa.-Atlantic City, N.J.	58,630	78,173	93,417	60,329	84,971	107,063	68,775	96,867	119,146
Pittsburgh, Pa.	53,604	71,473	85,410	55,158	77,688	97,886	62,880	88,564	108,933
Reading, Pa.	56,955	75,940	90,748	58,606	82,543	104,004	66,810	94,099	115,742
Rochester, N.Y.	54,163	72,217	86,299	55,733	78,497	98,906	63,535	89,486	110,068
York, Pa.	54,163	72,217	86,299	55,733	78,497	98,906	63,535	89,486	110,068
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	57,376	76,501	91,419	59,039	83,153	104,773	67,304	94,795	116,598
Augusta, Ga.-Aiken, S.C.	52,876	70,501	84,249	54,408	76,631	96,556	62,026	87,360	107,453
Charleston, S.C.	52,313	69,751	83,352	53,830	75,816	95,528	61,366	86,431	106,310

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Webmaster

The Webmaster is responsible for the development and ongoing management of corporate web portals. This individual performs web-related maintenance and backups and participates in recovery efforts during outages. The Webmaster also monitors web traffic patterns and takes necessary actions to ensure high system availability. This individual must be an expert in all aspects of managing complex web environments and may have training and supervisory responsibilities. This position typically requires a bachelor's degree in a related area and six years experience in the IT field, with at least three years in network and web technologies. The Webmaster usually reports to a senior manager in the IT organization.

Webmaster Salaries 2008

Company Size	Small			Medium			Large		
Metropolitan Area	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
United States									
	$48,486	$64,648	$77,254	$49,891	$70,270	$88,540	$56,876	$80,107	$98,532
New England: Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut									
Boston-Worcester, Mass.	54,154	72,206	86,286	55,724	78,484	98,890	63,525	89,472	110,051
Hartford, Conn.	54,154	72,206	86,286	55,724	78,484	98,890	63,525	89,472	110,051
Providence, R.I.-Fall River, Mass.	52,220	69,627	83,204	53,734	75,681	95,359	61,257	86,277	106,121
Springfield, Mass.	52,704	70,272	83,975	54,231	76,382	96,242	61,824	87,076	107,103
Middle Atlantic: New York, New Jersey, Pennsylvania									
Buffalo, N.Y.	48,457	64,609	77,208	49,861	70,227	88,487	56,842	80,059	98,473
Johnstown, Pa.	42,158	56,210	67,171	43,379	61,098	76,983	49,453	69,652	85,671
New York, N.Y.-Northern New Jersey	55,241	73,655	88,017	56,842	80,059	100,875	64,800	91,268	112,259
Philadelphia, Pa.-Atlantic City, N.J.	50,880	67,840	81,068	52,355	73,739	92,911	59,684	84,062	103,397
Pittsburgh, Pa.	46,519	62,025	74,120	47,867	67,418	84,947	54,568	76,857	94,534
Reading, Pa.	49,426	65,901	78,752	50,859	71,632	90,256	57,979	81,660	100,442
Rochester, N.Y.	47,003	62,671	74,892	48,366	68,121	85,832	55,137	77,657	95,519
York, Pa.	47,003	62,671	74,892	48,366	68,121	85,832	55,137	77,657	95,519
South Atlantic: Delaware, Virginia, West Virginia, Maryland, North Carolina, South Carolina, Georgia, Florida									
Atlanta, Ga.	49,801	66,401	79,349	51,244	72,175	90,940	58,418	82,279	101,203
Augusta, Ga.-Aiken, S.C.	45,895	61,193	73,125	47,225	66,514	83,808	53,836	75,826	93,266
Charleston, S.C.	45,406	60,542	72,348	46,723	65,806	82,916	53,264	75,019	92,274
Charlotte, N.C.-Rock Hill, S.C.	49,312	65,750	78,571	50,742	71,467	90,049	57,845	81,473	100,211

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All Surveys Organizations

Compensation Data by Job Title

Director, IT Process and Change Management - 5700

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	158.5	28.2	44.3	179.4
P75	138.8	27.1	29.9	169.7
Median (P50)	124.0	20.3	20.0	140.6
P25	103.8	16.0	14.3	116.8
P10	93.6	12.1	6.0	101.0
Average weighted by				
Incumbent	124.2	21.4	28.9	146.8
Organization	119.5	19.5	22.1	137.3
Counts				
Incumbent count	23	11	18	23
Organization count	15	9	13	15
Median by scope variant				
1	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
2	110.0	*	14.7	117.6
(Incumbent count)	(9)	(*)	(7)	(9)
3	138.8	27.1	26.0	163.6
(Incumbent count)	(10)	(6)	(8)	(10)
4	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	93.3%
Percent of incumbents eligible	78.3%
Percent of incumbents received	73.9%
Average total actual as percent of base salary	21.1%
Average total target as percent of base salary	16.9%
	In $'000s
Median actual annual incentives/bonuses	20.0
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	150.8	13
Midpoint	122.6	13
Minimum	95.2	13

FLSA status	
Percent of exempt incumbents	100.0%
Of those exempt incumbents, percent eligible for overtime	0.0%

*Insufficient information to report

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Organizations in Northeast Region

Compensation Data by Job Title

Director, IT Process and Change Management - 5700

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	165.0	31.1	54.6	202.4
P75	150.5	28.2	33.7	177.7
Median (P50)	135.3	24.3	26.0	151.4
P25	110.7	16.2	14.1	126.3
P10	104.5	11.4	11.0	116.8
Average weighted by				
Incumbent	133.7	22.5	35.5	166.2
Organization	123.1	19.5	26.4	147.8
Counts				
Incumbent count**	12	7	11	12
Organization count	6	5	6	6
Median by scope variant				
1	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
2	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
3	141.0	*	*	174.7
(Incumbent count)	(6)	(*)	(*)	(6)
4	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	100.0%
Percent of incumbents eligible	91.7%
Percent of incumbents received	83.3%
Average total actual as percent of base salary	25.1%
Average total target as percent of base salary	17.0%
	In $'000s
Median actual annual incentives/bonuses	26.0
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	194.8	5
Midpoint	153.1	5
Minimum	105.7	5

FLSA status	
Percent of exempt incumbents	100.0%
Of those exempt incumbents, percent eligible for overtime	0.0%

*Insufficient information to report

**More than 30% of incumbents reported by one organization

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All Surveys Organizations

Compensation Data by Job Title

Configuration Management Analyst - 8000

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	92.6	9.6	11.0	99.0
P75	84.5	8.5	8.5	89.2
Median (P50)	70.0	4.7	3.7	72.1
P25	60.5	3.0	2.2	62.9
P10	50.2	2.4	1.4	52.3
Average weighted by				
Incumbent	72.7	5.5	5.5	76.5
Organization	75.2	6.1	5.5	78.6
Counts				
Incumbent count	89	49	62	89
Organization count	31	13	21	31
Median by scope variant				
A	59.1	*	*	61.1
(Incumbent count)	(8)	(*)	(*)	(8)
B	65.4	3.0	2.4	67.7
(Incumbent count)	(42)	(26)	(32)	(42)
C	82.4	8.5	8.4	86.3
(Incumbent count)	(29)	(21)	(21)	(29)
D	98.4	*	*	100.4
(Incumbent count)	(10)	(*)	(*)	(10)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	83.9%
Percent of incumbents eligible	77.5%
Percent of incumbents received	66.3%
Average total actual as percent of base salary	7.3%
Average total target as percent of base salary	7.6%
	In $'000s
Median actual annual incentives/bonuses	3.7
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	88.0	28
Midpoint	72.6	27
Minimum	56.3	28

FLSA status	
Percent of exempt Incumbents	96.5%
Of those exempt incumbents, percent eligible for overtime	0.0%

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Organizations in Northeast Region

Compensation Data by Job Title

Configuration Management Analyst - 8000

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	109.7	*	12.8	120.7
P75	97.2	*	11.6	101.2
Median (P50)	82.4	*	8.5	93.1
P25	75.0	*	3.9	77.8
P10	63.4	*	1.4	67.1
Average weighted by				
Incumbent	85.1	*	7.9	91.0
Organization	81.2	*	5.8	84.6
Counts				
Incumbent count	20	*	15	20
Organization count	10	*	6	10
Median by scope variant				
A	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
B	76.7	*	*	77.8
(Incumbent count)	(6)	(*)	(*)	(6)
C	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
D	98.9	*	*	103.5
(Incumbent count)	(7)	(*)	(*)	(7)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	80.0%
Percent of incumbents eligible	75.0%
Percent of incumbents received	75.0%
Average total actual as percent of base salary	9.1%
Average total target as percent of base salary	*
	In $'000s
Median actual annual incentives/bonuses	8.5
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	98.8	10
Midpoint	79.0	9
Minimum	63.4	10

FLSA status	
Percent of exempt Incumbents	90.0%
Of those exempt incumbents, percent eligible for overtime	0.0%

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All Surveys Organizations

Compensation Data by Job Title

Project Manager - 8220

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	120.2	20.3	24.5	135.1
P75	109.9	15.9	18.7	121.6
Median (P50)	100.0	12.4	11.3	107.6
P25	90.0	9.1	7.5	95.1
P10	80.5	7.5	3.8	84.5
Average weighted by				
Incumbent	100.4	13.0	13.5	109.1
Organization	98.8	12.8	12.4	106.2
Counts				
Incumbent count	2882	1770	1861	2882
Organization count	166	88	104	166
Median by scope variant				
1	93.5	10.4	7.8	97.8
(Incumbent count)	(485)	(238)	(296)	(485)
2	100.0	12.4	11.4	109.1
(Incumbent count)	(2059)	(1388)	(1424)	(2059)
3	110.1	17.0	19.0	114.7
(Incumbent count)	(320)	(139)	(136)	(320)
4	118.7	*	*	127.8
(Incumbent count)	(18)	(*)	(*)	(18)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	80.7%
Percent of incumbents eligible	72.3%
Percent of incumbents received	63.7%
Average total actual as percent of base salary	13.2%
Average total target as percent of base salary	12.8%
	In $'000s
Median actual annual incentives/bonuses	11.6
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	1.1

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	127.1	138
Midpoint	99.9	137
Minimum	75.2	139

FLSA status	
Percent of exempt Incumbents	99.9%
Of those exempt incumbents, percent eligible for overtime	5.5%

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Organizations in Northeast Region

Compensation Data by Job Title

Project Manager - 8220

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	129.0	21.7	26.6	145.8
P75	114.4	16.2	20.9	128.4
Median (P50)	101.9	12.9	15.5	113.3
P25	92.9	10.8	10.3	98.6
P10	84.5	8.7	5.8	88.3
Average weighted by				
Incumbent	104.9	13.9	16.6	116.0
Organization	104.8	13.9	14.5	114.6
Counts				
ıcumbent count	899	539	599	899
Organization count	55	34	39	55
Median by scope variant				
1	94.8	9.4	7.9	97.5
(Incumbent count)	(174)	(31)	(41)	(174)
2	101.6	12.7	15.0	115.8
(Incumbent count)	(602)	(425)	(471)	(602)
3	121.0	21.8	23.1	139.8
(Incumbent count)	(121)	(83)	(87)	(121)
4	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	87.3%
Percent of incumbents eligible	70.0%
Percent of incumbents received	65.2%
Average total actual as percent of base salary	15.4%
Average total target as percent of base salary	13.2%
	In $'000s
Median actual annual incentives/bonuses	15.6
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	0.7

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	127.1	44
Midpoint	99.5	44
Minimum	73.9	44

FLSA status	
Percent of exempt Incumbents	99.8%
Of those exempt incumbents, percent eligible for overtime	0.0%

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All Surveys Organizations

Compensation Data by Job Title

Director, Program Management - 8200

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	156.8	34.9	46.4	185.0
P75	142.0	27.1	27.9	161.5
Median (P50)	127.8	19.3	19.5	143.7
P25	114.2	15.3	11.5	128.2
P10	105.4	7.3	6.7	115.0
Average weighted by				
Incumbent	129.9	22.3	24.2	149.3
Organization	134.8	29.2	30.6	154.7
ounts				
Incumbent count	204	154	163	204
Organization count	81	51	54	81
Median by scope variant				
1	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
2	120.0	20.0	17.0	135.0
(Incumbent count)	(53)	(43)	(42)	(53)
3	128.8	18.1	20.9	145.8
(Incumbent count)	(144)	(105)	(115)	(144)
4	153.0	47.2	58.2	199.5
(Incumbent count)	(7)	(6)	(6)	(7)

*Insufficient information to report

Short-term incentives/bonuses	
In percentages	
Percent of organizations offer	85.2%
Percent of incumbents eligible	87.7%
Percent of incumbents received	77.9%
Average total actual as percent of base salary	17.9%
Average total target as percent of base salary	16.7%
In $'000s	
Median actual annual incentives/bonuses	20.0
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	9.3

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	165.7	64
Midpoint	126.0	59
Minimum	95.7	66

FLSA status	
Percent of exempt incumbents	100.0%
Of those exempt incumbents, percent eligible for overtime	0.0%

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WP Ex11.01-S3.2

Organizations in Northeast Region

Compensation Data by Job Title

Director, Program Management - 8200

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	167.5	35.8	47.0	197.2
P75	139.8	30.4	28.6	165.4
Median (P50)	125.7	21.9	22.5	143.8
P25	115.7	16.9	17.3	129.5
P10	106.4	15.3	11.5	120.9
Average weighted by				
Incumbent	131.7	25.5	26.9	152.8
Organization	139.7	27.4	28.7	158.5
Counts				
Incumbent count	60	47	47	60
Organization count	29	18	19	29
Median by scope variant				
1	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
2	115.8	18.0	18.8	135.0
(Incumbent count)	(21)	(18)	(18)	(21)
3	127.3	26.3	26.3	151.8
(Incumbent count)	(38)	(28)	(28)	(38)
4	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)

*Insufficient information to report

Short-term incentives/bonuses	
In percentages	
Percent of organizations offer	86.2%
Percent of incumbents eligible	91.7%
Percent of incumbents received	75.0%
Average total actual as percent of base salary	20.2%
Average total target as percent of base salary	18.9%
In $'000s	
Median actual annual incentives/bonuses	22.5
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	165.7	24
Midpoint	126.0	23
Minimum	94.0	24

FLSA status	
Percent of exempt incumbents	100.0%
Of those exempt incumbents, percent eligible for overtime	0.0%

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All Surveys Organizations

Compensation Data by Job Title

Project Leader - 8230

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	106.0	14.8	18.5	119.2
P75	97.4	10.9	13.0	106.7
Median (P50)	89.0	8.0	8.9	95.5
P25	80.0	6.7	6.0	84.0
P10	69.0	4.4	2.5	72.0
Average weighted by				
Incumbent	88.4	9.6	10.0	95.8
Organization	86.2	9.8	9.3	91.8
Counts				
Incumbent count	3018	1958	2219	3018
Organization count	133	72	93	133
Median by scope variant				
A	66.0	6.6	5.8	70.2
(Incumbent count)	(56)	(36)	(39)	(56)
B	82.8	6.4	8.1	86.9
(Incumbent count)	(949)	(447)	(509)	(949)
C	90.1	7.7	9.5	99.1
(Incumbent count)	(1471)	(1127)	(1259)	(1471)
D	98.4	12.1	9.5	105.9
(Incumbent count)	(542)	(348)	(412)	(542)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	85.0%
Percent of incumbents eligible	79.0%
Percent of incumbents received	71.2%
Average total actual as percent of base salary	10.8%
Average total target as percent of base salary	10.3%
	In $'000s
Median actual annual incentives/bonuses	9.0
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	1.5

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	110.7	114
Midpoint	89.8	113
Minimum	69.8	114

FLSA status	
Percent of exempt Incumbents	99.8%
Of those exempt incumbents, percent eligible for overtime	6.7%

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Organizations in Northeast Region

Compensation Data by Job Title

Project Leader - 8230

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	113.4	15.4	18.7	126.3
P75	100.4	13.9	14.0	110.2
Median (P50)	90.0	9.2	9.2	97.3
P25	80.6	6.4	6.3	84.6
P10	71.0	3.9	2.5	74.2
Average weighted by				
Incumbent	91.0	10.9	10.5	98.7
Organization	89.2	12.7	9.9	95.6
Counts				
Incumbent count	512	291	373	512
Organization count	48	24	33	48
Median by scope variant				
A	59.0	*	*	61.5
(Incumbent count)	(7)	(*)	(*)	(7)
B	83.1	7.2	8.8	88.8
(Incumbent count)	(187)	(98)	(130)	(187)
C	91.3	12.0	10.9	99.6
(Incumbent count)	(231)	(131)	(166)	(231)
D	100.0	11.8	9.0	107.9
(Incumbent count)	(87)	(60)	(75)	(87)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	85.4%
Percent of incumbents eligible	77.3%
Percent of incumbents received	69.3%
Average total actual as percent of base salary	10.9%
Average total target as percent of base salary	11.4%
	In $'000s
Median actual annual incentives/bonuses	9.3
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	1.0

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	110.3	42
Midpoint	89.6	40
Minimum	73.8	42

FLSA status	
Percent of exempt incumbents	100.0%
Of those exempt incumbents, percent eligible for overtime	5.5%

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All Surveys Organizations

Compensation Data by Job Title

Release/Build Engineer - 8010

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	96.9	14.4	15.8	108.8
P75	91.5	13.7	11.6	100.3
Median (P50)	82.7	9.9	7.0	86.6
P25	70.2	5.5	4.2	73.3
P10	65.2	3.3	3.1	67.6
Average weighted by				
Incumbent	80.6	9.5	8.1	87.0
Organization	75.3	7.0	6.8	80.0
Counts				
Incumbent count	65	45	51	65
Organization count	16	9	12	16
Median by scope variant				
A	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
B	70.2	4.8	4.6	73.4
(Incumbent count)	(30)	(18)	(22)	(30)
C	91.5	13.5	10.6	100.3
(Incumbent count)	(31)	(27)	(28)	(31)
D	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	81.3%
Percent of incumbents eligible	78.5%
Percent of incumbents received	73.8%
Average total actual as percent of base salary	9.7%
Average total target as percent of base salary	11.1%
	In $'000s
Median actual annual incentives/bonuses	7.1
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	98.8	14
Midpoint	82.3	14
Minimum	65.8	14

FLSA status	
Percent of exempt Incumbents	98.5%
Of those exempt incumbents, percent eligible for overtime	0.0%

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S3.2/SV

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Organizations in Northeast Region

Compensation Data by Job Title

Release/Build Engineer - 8010

Annual dollars ($'000s)	Base salary	Total target short-term incentives/ bonuses	Total actual short-term incentives/ bonuses	Total cash compensation
Percentile				
P90	95.3	14.3	14.1	106.0
P75	90.4	13.6	7.6	95.0
Median (P50)	74.6	7.4	4.7	81.6
P25	65.6	3.7	3.3	69.7
P10	58.4	3.2	2.7	61.2
Average weighted by				
Incumbent	77.4	8.8	6.2	82.1
Organization	74.9	6.5	4.9	78.7
Counts				
Incumbent count	29	17	22	29
Organization count	9	5	7	9
Median by scope variant				
A	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)
B	66.3	3.5	3.4	70.7
(Incumbent count)	(15)	(8)	(11)	(15)
C	92.5	*	7.1	96.4
(Incumbent count)	(12)	(*)	(10)	(12)
D	*	*	*	*
(Incumbent count)	(*)	(*)	(*)	(*)

*Insufficient information to report

Short-term incentives/bonuses	
	In percentages
Percent of organizations offer	88.9%
Percent of incumbents eligible	75.9%
Percent of incumbents received	69.0%
Average total actual as percent of base salary	7.7%
Average total target as percent of base salary	10.5%
	In $'000s
Median actual annual incentives/bonuses	4.9
Median actual project milestone pay	*
Median actual all other short-term incentives/bonuses[1]	*

[1] Includes short-term incentives/bonuses other than project milestone pay and annual incentives/bonuses awarded for fiscal year 2007. Sign-on bonuses were excluded from this calculation.

Salary range ($'000s)	Median (P50)	Organization count
Maximum	94.0	8
Midpoint	75.0	8
Minimum	56.0	8

FLSA status	
Percent of exempt incumbents	100.0%
Of those exempt incumbents, percent eligible for overtime	0.0%

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WP Ex12.00-S3.3

Schedule 3.3

WP Ex11.01-S3.3
WP Ex12.00-S3.3

Illinois-American Water Company
Market Analysis - Information Technology Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor	Adjusted 2010 Rate
	(A)	(B)		(C)	(D)	(E)
1	Firm #1	Business Analyst [3]	[a]	$191	1.01802 [b]	$194
2		Project Manager [3]	[a]	$272	1.01802 [b]	$277
3	Firm #2	Business Analyst [1]	[a]	$150 - $163	1.01802 [b]	$153 - $166
4		Technical Lead [1]	[a]	$188 - $200	1.01802 [b]	$191 - $204
5	Firm #3	**Business Sponsor**	**[a]**	**$728**	**1.01802 [b]**	**$741**
6		Design Architect	[a]	$253	1.01802 [b]	$258
7		Developer	[a]	$206	1.01802 [b]	$210
8		Project Manager	[a]	$355	1.01802 [b]	$361
9		QA Lead	[a]	$253	1.01802 [b]	$258
10		Technical Lead	[a]	$265	1.01802 [b]	$270
11		Tester	[a]	$144	1.01802 [b]	$147
12	Firm #4	Web Architect	[a]	$225	1.01802 [b]	$229
13	Firm #5	Partner	[a]	$315	1.01802 [b]	$321
14		Project Manager	[a]	$180	1.01802 [b]	$183
15		Web Self Service Design	[a]	$120 - $350	1.01802 [b]	$122 - $356
16	Firm #6	Sabrix Installation	[a]	$275	1.01802 [b]	$280
17	Firm #7	JDE Developer	[a]	$118	1.01802 [b]	$120
18	Firm #8	**Analysts**	**[a]**	**$85 - $225**	**1.01802 [b]**	**$87 - $229**
19		Architect	[a]	$233	1.01802 [b]	$237
20		Architect/Engineer	[a]	$180	1.01802 [b]	$183
21		Business Analyst [1] [2] [3]	[a]	$150 - $188	1.01802 [b]	$153 - $191
22		Consultant	[a]	$200	1.01802 [b]	$204
23		Developer	[a]	$100 - $250	1.01802 [b]	$102 - $255
24		Hyperion Strategy Development	[a]	$263	1.01802 [b]	$268
25		Implementation Consultant	[a]	$250	1.01802 [b]	$255
26		PowerPlant Developers [1]	[a]	$288	1.01802 [b]	$293
27		Project Manager	[a]	$150 - $250	1.01802 [b]	$153 - $255
28		Senior Remedy Solution Consultant	[a]	$185	1.01802 [b]	$188
29		Technician	[a]	$167	1.01802 [b]	$170
30		Testers	[a]	$100	1.01802 [b]	$102

Source
[a] Information Provided by Service Company
[b] Schedule 6, Line 14

Footnote
[1] Daily Rate ÷ 8
[2] Weekly Rate ÷ 40
[3] Monthly Rate ÷ 173 (2,080 ÷ 12)

WP Ex11.01-S4

Schedule 4

WP Ex11.01-S4

Illinois-American Water Company
Market Analysis - Legal Services

Line No.	Professional Classification [a]	Market Rate [b]		Adjusted to 2010 Rate [c]	Time Distribution by Professional Classification [d]	Weighted Average Market Rate [e]
	(A)	(B)		(C)	(D)	(E)
1	Partner	$ 412		$ 435	14%	$ 60
2	Associate	250		264	58%	154
3	Paralegal	140	[1]	143	28%	39
4	**Total**				**100%**	**$ 253**

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Service Company [d]		Market [f]	AWWSC Rate Above/(Below) Market Rate [g]
	(A)	(B)		(C)	(D)
5	Partner	$ 226		$ 435	$ (209)
6	Associate	140		264	(124)
7	Paralegal	84		143	(59)

Source
[a] 2008 NLJ Billing Survey except for Paralegal (See footnote [1] below)
[b] Schedule 4.2 and 4.3 except for Paralegal (See footnote [1] below)
[c] Column B x 1.0571 (Schedule 6, Line 11) except for Paralegal (Column B x 1.01802 [Schedule 6, Line 14])
[d] Schedule 4.1
[e] Column C x Column D
[f] Schedule 4, Column C Above
[g] Column B - Column C

Footnote
[1] Paralegal rate from supplemental information (See Schedule 4.4)

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WP Ex11.01-S4.1
WP Ex12.00-S4.1

Schedule 4.1

Illinois-American Water Company
Market Analysis - Legal Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Page No.	Location	Business Unit	Associate		Paralegal		Partner		Legal Services	
			Hours	Amount	Hours	Amount	Hours	Amount	Total Hours	Total Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	CENTRAL	Legal	3,340	$ 467,987	954	$ 61,946	477	$ 109,626	4,771	$ 639,559
2		Subtotal	3,340	$ 467,987	954	$ 61,946	477	$ 109,626	4,771	$ 639,559
3	CORP	Legal			628	$ 70,908	314	$ 69,244	942	$ 140,152
4		Subtotal	-	$ -	628	$ 70,908	314	$ 69,244	942	$ 140,152
5		**Total**	**3,340**	**$ 467,987**	**1,582**	**$ 132,854**	**791**	**$ 178,870**	**5,713**	**$ 779,711**
6										
7		**Time Distribution**	**58%**		**28%**		**14%**		**100%**	
8		**Average Rate per Hour**		**$ 140**		**$ 84**		**$ 226**		**$ 136**

Footnote
[1] Schedule 4.1 prepared by Service Company

WP Ex11.01-S4.2

Schedule 4.2

Illinois-American Water Company
Market Analysis - Legal Services (Midwest Region Partners)

Line No.	Firm Name	Location	Market Rate [a] Partner Billing Rate Average	Market Rate [a] Partner Billing Rate High	Market Rate [a] Partner Billing Rate Low	Calculated [b] Partner Billing Rate Average	Market Rate or Calculated Market Rate Average [c]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Armstrong Teasdale	St. Louis, MO	$ -	$ 450	$ 295	$ 373	$ 373
2	Brinks Hofer Gilson & Lione	Chicago, IL	499	700	320	-	499
3	Bryan Cave	St. Louis, MO	525	750	340	-	525
4	Butzel Long	Detroit, MI	-	650	300	475	475
5	Dickinson Wright	Detroit, MI	-	550	275	413	413
6	Dinsmore & Shohl	Cincinnati,OH	347	495	220	-	347
7	Dykema Gossett	Detroit, MI	415	650	265	-	415
8	Frost Brown Todd	Cincinnati, OH	317	490	225	-	317
9	Husch Blackwell Sanders	St. Louis, MO	352	740	205	-	352
10	Jenner & Block	Chicago, IL	616	1,000	525	-	616
11	Lathrop & Gage	Kansas City, MO	-	490	255	373	373
12	Lewis, Rice & Fingersh	St. Louis, MO	-	440	225	333	333
13	Miller, Canfield, Paddock and Stone	Detroit, MI	425	620	275	-	425
14	Polsinelli Shalton Flanigan Suelthaus	Kansas City, MO	-	600	250	425	425
15	Roetzel & Andress	Akron, Ohio	333	500	225	-	333
16	Shughart Thomson & Kilroy	Kansas City, MO	-	500	240	370	370
17	Shumaker, Loop & Kendrick	Toledo, OH	329	500	225	-	329
18	Stinson Morrison Hecker	Kansas City, MO	363	680	275	-	363
19	Taft Stettinius & Hollister	Cincinnati, OH	354	475	200	-	354
20	Thompson Coburn	St. Louis, MO	-	555	295	425	425
21	Thompson Hine	Cleveland, OH	425	740	275	-	425
22	Ulmer & Berne	Cleveland, OH	319	495	230	-	319
23	Vedder Price	Chicago, IL	455	685	310	-	455
24	Winston & Strawn	Chicago, IL	622	975	400	-	622
25	**Billing Rate Average for Midwest Region Partners**						$ 412

$54.2/1
$54.2/2

Source
[a] 2008 NLJ Billing Survey
[b] (Column D + Column E) ÷ 2
[c] Column C as provided in survey, otherwise Column F as calculated

incisive Legal Intelligence
2008 NLJ Billing Survey

Midwest Region

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Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Armstrong Teasdale	St. Louis	$450	$295	$300	$175							National Law Journal, December 8, 2008
2008	Brinks Hofer Gilson & Lione	Chicago	$700	$320	$435	$180	$281	$499	$392	$275	$500	$390	National Law Journal, December 8, 2008
2008	Bryan Cave	St. Louis	$750	$340	$510	$170	$314	$525	$424	$310	$510	$405	National Law Journal, December 8, 2008
2008	Butzel Long	Detroit	$650	$300	$290	$180							National Law Journal, December 8, 2008
2008	Dickinson Wright	Detroit	$550	$275	$300	$180							National Law Journal, December 8, 2008
2008	Dinsmore & Shohl	Cincinnati	$495	$220	$305	$160	$202	$347	$284	$198	$338	$275	National Law Journal, December 8, 2008
2008	Dykema Gossett	Detroit	$650	$265	$435	$170	$277	$415					National Law Journal, December 8, 2008
2008	Frost Brown Todd	Cincinnati	$490	$225	$260	$145	$188	$317	$272	$180	$310	$270	National Law Journal, December 8, 2008
2008	Husch Blackwell Sanders	St. Louis	$740	$205	$380	$150	$218	$352	$302	$215	$340	$300	National Law Journal, December 8, 2008
2008	Jenner & Block	Chicago	$1,000	$525	$495	$325	$393	$616		$375	$575		National Law Journal, December 8, 2008
2008	Lathrop & Gage	Kansas City, Mo.	$490	$255	$265	$180							National Law Journal, December 8, 2008
2008	Lewis, Rice & Fingersh	St. Louis	$440	$225	$305	$140							National Law Journal, December 8, 2008
2008	Miller, Canfield, Paddock and Stone	Detroit	$620	$275	$375	$165	$240	$425	$347	$240	$425	$355	National Law Journal, December 8, 2008

Fiscal Year	Firm Name	Location	Partner Billing Rate High	Partner Billing Rate Low	Associate Billing Rate High	Associate Billing Rate Low	Associate Billing Rate Average	Partner Billing Rate Average	Firmwide Billing Rate Average	Associate Billing Rate Med	Partner Billing Rate Med	Firmwide Billing Rate Med	NLJ Billing Source
2008	Polsinelli Shalton Flanigan Suelthaus	Kansas City, Mo.	$600	$250	$275	$175							National Law Journal, December 8, 2008
2008	Roetzel & Andress	Akron, Ohio	$500	$225	$295	$170	$219	$333	$292	$215	$325	$300	National Law Journal, December 8, 2008
2008	Shughart Thomson & Kilroy	Kansas City, Mo.	$500	$240	$245	$185							National Law Journal, December 8, 2008
2008	Shumaker, Loop & Kendrick	Toledo, Ohio	$500	$225	$380	$185	$227	$329	$297	$225	$325	$315	National Law Journal, December 8, 2008
2008	Stinson Morrison Hecker	Kansas City, Mo.	$680	$275	$290	$190	$224	$363	$293	$228	$373	$275	National Law Journal, December 8, 2008
2008	Taft Stettinius & Hollister	Cincinnati	$475	$200	$325	$165	$217	$354	$294	$195	$355	$295	National Law Journal, December 8, 2008
2008	Thompson Coburn	St. Louis	$555	$295	$400	$170							National Law Journal, December 8, 2008
2008	Thompson Hine	Cleveland	$740	$275	$510	$185	$240	$425	$330	$235	$420	$325	National Law Journal, December 8, 2008
2008	Ulmer & Berne	Cleveland	$495	$230	$310	$175	$205	$319	$262				National Law Journal, December 8, 2008
2008	Vedder Price	Chicago	$685	$310	$390	$235	$290	$455	$385	$290	$445	$390	National Law Journal, December 8, 2008
2008	Winston & Strawn	Chicago	$975	$400	$625	$210	$376	$622	$448				National Law Journal, December 8, 2008

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S4.2/2

WP Ex11.01-S4.3

Schedule 4.3

Illinois-American Water Company
Market Analysis - Legal Services (Midwest Region Associates)

Line No.	Firm Name	Location	Market Rate [a] Associate Billing Rate Average	Market Rate [a] Associate Billing Rate High	Market Rate [a] Associate Billing Rate Low	Calculated [b] Associate Billing Rate Average	Market Rate or Calculated Market Rate Average [c]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Armstrong Teasdale	St. Louis, MO	$ -	$ 300	$ 175	$ 238	$ 238
2	Brinks Hofer Gilson & Lione	Chicago, IL	281	435	180	-	281
3	Bryan Cave	St. Louis, MO	314	510	170	-	314
4	Butzel Long	Detroit, MI	-	290	180	235	235
5	Dickinson Wright	Detroit, MI	-	300	180	240	240
6	Dinsmore & Shohl	Cincinnati,OH	202	305	160	-	202
7	Dykema Gossett	Detroit, MI	277	435	170	-	277
8	Frost Brown Todd	Cincinnati, OH	188	260	145	-	188
9	Husch Blackwell Sanders	St. Louis, MO	218	380	150	-	218
10	Jenner & Block	Chicago, IL	393	495	325	-	393
11	Lathrop & Gage	Kansas City, MO	-	265	180	223	223
12	Lewis, Rice & Fingersh	St. Louis, MO	-	305	140	223	223
13	Miller, Canfield, Paddock and Stone	Detroit, MI	240	375	165	-	240
14	Polsinelli Shalton Flanigan Suelthaus	Kansas City, MO	-	275	175	225	$4.2/2 225
15	Roetzel & Andress	Akron, Ohio	219	295	170	-	219
16	Shughart Thomson & Kilroy	Kansas City, MO	-	245	185	215	215
17	Shumaker, Loop & Kendrick	Toledo, OH	227	380	185	-	227
18	Stinson Morrison Hecker	Kansas City, MO	224	290	190	-	224
19	Taft Stettinius & Hollister	Cincinnati, OH	217	325	165	-	217
20	Thompson Coburn	St. Louis, MO	-	400	170	285	285
21	Thompson Hine	Cleveland, OH	240	510	185	-	240
22	Ulmer & Berne	Cleveland, OH	205	310	175	-	205
23	Vedder Price	Chicago, IL	290	390	235	-	290
24	Winston & Strawn	Chicago, IL	376	625	210	-	376
25	**Billing Rate Average for Midwest Region Associates**						**$ 250**

$4.2/1

Source
[a] 2008 NLJ Billing Survey
[b] (Column D + Column E) ÷ 2
[c] Column C as provided in survey, otherwise Column F as calculated

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WP Ex12.00-S4.4

Schedule 4.4

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WP Ex12.00-S4.4

Illinois-American Water Company
Market Analysis - Legal Services - Supplemental Rates

Line No.	Firm Name	Professional Classification		Billing Rate	Cost Escalator Factor	Adjusted 2010 Rate
	(A)	(B)		(C)	(D)	(E)
1	Firm #1	Partner	[a]	$284	1.01802 [b]	$289
2	Firm #2	Associate / Partner	[a]	$205 - $475	1.01802 [b]	$209 - $484
3		**Paralegal**	[a]	**$140** - $190	**1.01802** [b]	**$143** - $193
4	Firm #3	Utilities Attorney	[a]	$200 - $423	1.01700 [c]	$203 - $430
5		Labor Attorney	[a]	$152 - $314	1.01700 [c]	$155 - $319
6		Environmental Attorney	[a]	$285 - $385	1.01700 [c]	$290 - $392
7		Real Estate Attorney	[a]	$285	1.01700 [c]	$290
8		Litigation Attorney	[a]	$385	1.01700 [c]	$392
9	Firm #4	Associate / Partner	[a]	$157 - $353	1.01700 [c]	$160 - $359
10	Firm #5	Partner	[a]	$360 - $400	1.01802 [b]	$366 - $407
11		Associate	[a]	$220 - $320	1.01802 [b]	$224 - $326
12		Paralegal	[a]	$156	1.01802 [b]	$159
13	Firm #6	**Partner**	[a]	**$405 - $525**	**1.01700 [c]**	**$412 - $534**
14		Senior Associate	[a]	$360 - $450	1.01700 [c]	$366 - $458
15		Second-Year Associate	[a]	$270	1.01700 [c]	$275
16		First-Year Associate	[a]	$248	1.01700 [c]	$252
17	Firm #7	Partner	[a]	$250 - $420	1.01802 [b]	$255 - $428
18		Associate	[a]	$210 - $250	1.01802 [b]	$214 - $255
19	Firm #8	Partner	[a]	$325 - $475	1.01802 [b]	$331 - $484
20		Senior Associate	[a]	$250 - $325	1.01802 [b]	$255 - $331
21		Junior Associate	[a]	$190 - $250	1.01802 [b]	$193 - $255
22	Firm #9	Senior Partner	[a]	$355 - $505	1.01802 [b]	$361 - $514
23		Junior Partner	[a]	$320 - $430	1.01802 [b]	$326 - $438
24		Senior Associate	[a]	$260 - $310	1.01802 [b]	$265 - $316
25		Mid-level Associate	[a]	$185 - $255	1.01802 [b]	$188 - $260
26	Firm #10	Partner / Shareholder	[a]	$350 - $420	1.01802 [b]	$356 - $428
27		Associate	[a]	$250 - $350	1.01802 [b]	$255 - $356
28	Firm #11	Associate	[a]	$225 - $300	1.01802 [b]	$229 - $305

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 10

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Schedule 5

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Schedule 5
Page 1 of 1

Illinois-American Water Company
Market Analysis - Management Consulting Services

Line No.	Professional Classification [a]	Market Rate [a]	Adjusted to 2010 Rate [b]	Time Distribution by Professional Classification [c]	Weighted Average Market Rate [d]
	(A)	(B)	(C)	(D)	(E)
1	Junior Partners	$ 551 285	$ 301	8%	$ 23
2	Senior Management Consultants	233	246	15%	37
3	Management Consultants	199	210	28%	58
4	Entry Level Consultants	154	163	8%	13
5	Research Associates	130	137	42%	58
6	Total			100%	$ 188

Comparison of Service Company Rates to Market Rates

	Professional Classification [a]	Rate: Service Company [c]	Rate: Market [e]	AWWSC Rate Above/(Below) Market Rate [f]
	(A)	(B)	(C)	(D)
7	Junior Partners	$ 55.1 222	$ 301	$ (79)
8	Senior Management Consultants	126	246	(120)
9	Management Consultants	120	210	(90)
10	Entry Level Consultants	78	163	(85)
11	Research Associates	78	137	(59)

Source

[a] 2008 Association of Management Consulting Firms' Operating Ratios for Management Consulting Firms: A Resource for Benchmarking
[b] Column B x 1.0571 (Schedule 6, Line 11)
[c] Schedule 5.1
[d] Column C x Column D
[e] Schedule 5, Column C Above
[f] Column B - Column C

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PERSONNEL PRODUCTIVITY

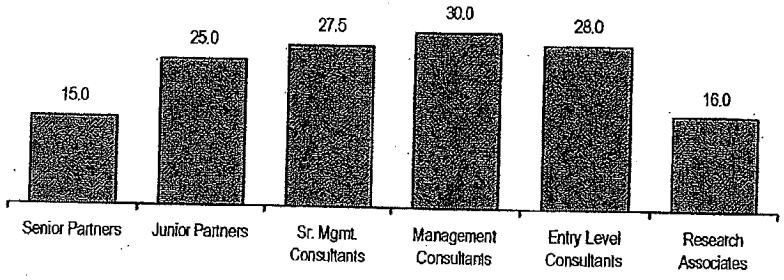
In addition to staff leverage, another key component of profitability is **personnel productivity** or "employee utilization." The "Profit Model for Consulting Firms," (refer to the section of this report titled "Using Financial Ratios to Measure Performance") suggests that the ratio of "consulting fees per consultant" is one of the three "profit pathways." To the extent a firm experiences high "consulting fees per consultant" (with other factors being equal), higher profitability will result.

Essentially, personnel productivity is a function of three factors: 1) Number of billable hours worked per week; 2) Realization rate (i.e., the percentage of reported billable hours that are actually billed to clients and collected); and 3) Billing rate per hour. For each of these, on an **overall staff basis** during 2007, the "typical" consulting firm reported:

- Between 15.0 and 30.0 billable hours worked per week, depending significantly on employee position. As shown in the accompanying "employee utilization" chart, the number of billable hours tends to decline as the professional consultants' position in the company rises. This is due largely to other commitments such as business development and administrative/financial management.
- Of the total 2007 consulting staff billable hours worked, 95.0% were actually billed to clients and collected, which is down from the 97.0% that was reported in 2006.
- An average hourly standard billing rate of $303 for Senior Partners, $285 for Junior Partners, $233 for Senior Consultants, $199 for Management Consultants, $154 for Entry Level Consultants, and $130 for Research Associates.

Detailed results for each of these three personnel productivity factors is provided in this report **by staff position.**

Employee Utilization*
Average Number of Billable Hours Worked per Week



* Based on all responding firms.

55/1

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WP Ex12.00-S5.1

Schedule 5.1

Illinois-American Water Company
Market Analysis - Management Consulting Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Entry Level Consultant Hours	Entry Level Consultant Amount	Management Consultant Hours	Management Consultant Amount	Junior Partner Hours	Junior Partner Amount	Research Associate Hours	Research Associate Amount
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	BELLEVILLE LAB	Water Quality							1,455	$ 86,400
2		Subtotal	-	$ -	-	$ -	-	$ -	1,455	$ 86,400
3	CENTRAL	Customer Service	484	$ 48,906	2,789	$ 355,662	484	$ 162,027	4,352	$ 352,971
4		External Affairs					284	$ 41,218		
5		Human Resources	1,791	$ 129,798	2,687	$ 296,659	448	$ 94,289	3,134	$ 196,155
6		Legal							477	$ 29,663
7		Regulated Operations							1,352	$ 129,650
9		Other			909	$ 74,246	455	$ 85,796	455	$ 30,798
10		Subtotal	2,275	$ 178,704	6,385	$ 726,567	1,670	$ 383,330	9,770	$ 739,238
11	CORP	External Affairs			325	$ 42,190	483	$ 96,106	158	$ 18,735
12		Human Resources	322	$ 24,122	963	$ 104,334	166	$ 37,448	656	$ 66,365
13		Legal							157	$ 14,639
14		Operations			153	$ 68,882			168	$ 16,826
15		Regulated Operations							158	$ 14,479
16		Other			429	$ 55,744	107	$ 22,912	277	$ 37,847
17		Subtotal	322	$ 24,122	1,870	$ 271,149	756	$ 156,466	1,574	$ 168,889
18	SSC	Finance			640	$ 67,920			795	$ 60,908
19		Subtotal	-	$ -	640	$ 67,920	-	$ -	795	$ 60,908
20		**Total**	**2,597**	**$ 202,826**	**8,895**	**$ 1,065,637**	**2,426**	**$ 539,796**	**13,594**	**$ 1,055,434**
21		**Time Distribution**	**8%**		**28%**		**8%**		**42%**	
22		**Average Rate per Hour**		**$ 78**		**$ 120**		**$ 222**		**$ 78**

Footnote
[1] Schedule 5.1 prepared by Service Company

Illinois-American Water Company
Market Analysis - Management Consulting Services
Forecast of AWWSC Hours and Costs Allocated to IAWC [1]
(2010 Test Year)

Line No.	Location	Business Unit	Senior Management Consultant Hours	Senior Management Consultant Amount	Management Consulting Services Total Hours	Management Consulting Services Total Amount
	(A)	(B)	(K)	(L)	(M)	(N)
1	BELLEVILLE LAB	Water Quality			1,455	$ 86,400
2		Subtotal	-	$ -	1,455	$ 86,400
3	CENTRAL	Customer Service			8,107	$ 919,566
4		External Affairs	1,706	$ 175,951	1,990	$ 217,169
5		Human Resources			8,060	$ 716,901
6		Legal			477	$ 29,663
7		Regulated Operations			1,352	$ 129,650
9		Other	1,364	$ 164,394	3,183	$ 355,235
10		Subtotal	3,070	$ 340,345	23,170	$ 2,368,184
11	CORP	External Affairs	1,288	$ 202,008	2,253	$ 359,040
12		Human Resources	322	$ 45,166	2,429	$ 277,434
13		Legal			157	$ 14,639
14		Operations			321	$ 85,707
15		Regulated Operations			158	$ 14,479
16		Other	107	$ 17,008	921	$ 133,510
17		Subtotal	1,717	$ 264,181	6,239	$ 884,808
18	SSC	Finance			1,435	$ 128,828
19		Subtotal	-	$ -	1,435	$ 128,828
20		**Total**	**4,787**	**$ 604,527**	**32,299**	**$ 3,468,220**
21		**Time Distribution**	**15%**		**100%**	
22		**Average Rate per Hour**		**$ 126**		**$ 107**

Footnote
[1] Schedule 5.1 prepared by Service Company

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Schedule 5.2

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WP Ex12.00-S5.2

Schedule 5.2
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Illinois-American Water Company
Market Analysis - Management Consulting Services - Supplemental Rates

Line No.	Firm Name	Professional Classification	Billing Rate	Cost Escalator Factor		Adjusted 2010 Rate
	(A)	(B)	(C)	(D)		(E)
1	Firm #1	[a] Principal	$190	1.01802	[b]	$193
2		[a] Financial Analyst	$90 - $120	1.01802	[b]	$92 - $122
3	Firm #2	[a] President	$195	1.01802	[b]	$199
4		[a] Vice President	$185	1.01802	[b]	$188
5		[a] Manager	$175	1.01802	[b]	$178
6		[a] Director	$185	1.01802	[b]	$188
7		[a] Project Manager	$145	1.01802	[b]	$148
8		[a] Analysts/Engineers	$115	1.01802	[b]	$117
9		[a] Associate Analysts/Engineers	$105	1.01802	[b]	$107
10		[a] Assistant Analysts/Engineers	$95	1.01802	[b]	$97
11		[a] Senior Technicians	$85	1.01802	[b]	$87
12		**[a] Technicians**	**$80**	**1.01802**	[b]	**$81**
13	Firm #3	[a] Principal	$225	1.01802	[b]	$229
14	Firm #4	[a] Principal	$175	1.01802	[b]	$178
15	Rate Case Assistance	[a] Junior Partner	$180 - $225	1.01802	[b]	$183 - $229
16		[a] Junior Consultant	$103 - $124	1.01802	[b]	$105 - $126
17	Cost of Equity	[a] Principal	$380 - $480	1.01802	[b]	$387 - $489
18		[a] Associate	$265 - $340	1.01802	[b]	$270 - $346
19		[a] Research Associate	$143 - $200	1.01802	[b]	$146 - $204
20	Human Resources	[a] **Principal**	$530 - **$750**	**1.01700**	[c]	$539 - **$763**
21		[a] Senior Consultant	$540 - $580	1.01700	[c]	$549 - $590
22		[a] Consultant	$435 - $475	1.01700	[c]	$442 - $483
23		[a] Associate	$210 - $370	1.01700	[c]	$214 - $376

Source
[a] Information provided by Service Company
[b] Schedule 6, Line 14
[c] Schedule 6, Line 10

American Water Works Service Company, Inc.
Summary of Invoices for Services Provided by Consultants
Cost of Equity Consultant Rates

Region	Month	Year	Principal	Director	Manager	Associate	Research Associate	Administrative
NE	November	2008	$ 480.00			$ 340.00	$ 200.00	
NE	November	2008	$ 400.00			$ 320.00	$ 190.00	
NE	December	2008	$ 480.00			$ 340.00	$ 200.00	
NE	December	2008	$ 400.00				$ 142.50	
NE	May	2008	$ 380.00			$ 265.00	$ 190.00	
NE	June	2008	$ 380.00			$ 265.00	$ 190.00	$ 95.00

NE - New England

American Water Works Service Company, Inc.
Summary of Invoices for Services Provided by Consultants
HR Consulting Rates

Region	Month	Year	Principal	Senior Consultant	Consultant	Associate
MA		2009	$ 750	$ 580	$ 475	$ 370
MA		2009	$ 630	$ 555	$ 435	$ 300
MA		2009	$ 530	$ 540		$ 290
MA		2009				$ 240
MA		2009				$ 210

MA - Mid Atlantic Region

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WP Ex12.00-S5.2

American Water Works Service Company, Inc.
Summary of Invoices for Services Provided by Consultants
Accounting Consulting Rates

Region	Month	Year	Junior Partner MC	Junior Consultant - MC
SW	March	2008	$ 180	$ 124
SW	May	2008	$ 180	$ 124
SE	May	2008	$ 225	
SW	May	2008	$ 180	$ 124
SW	May	2008		$ 103
SW	May	2008	$ 180	$ 124
SW	May	2008		$ 103
SW	July	2008	$ 180	$ 103
SW	August	2008	$ 180	
SW	September	2008	$ 180	
SW	October	2008	$ 180	$ 124

SE - South East Region
SW - South West Region

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Schedule 6

WP Ex11.01-S6-A

Schedule 6
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Illinois-American Water Company
Cost Escalator Calculation

Line No.	Service	Cost Escalator Factor
	(A)	(B)
1	Accounting (Schedule 1)	1.05710 [1]
2	Engineering (Schedule 2)	1.05710 [1]
3	Information Technology (Schedule 3)	1.01802 [2]
4	Legal (Schedule 4)	1.05710 [1]
5	Management Consulting (Schedule 5)	1.05710 [1]

Source
[a] U.S. Department of Labor, Bureau of Labor Statistics
[b] Congressional Budget Office

Footnote

[1] Based on a Cost Escalation Adjustment from 2007 to 2010

		CPI	% Change
6	Year 2008 [a]	S6/1 215.303	
7	Year 2007 [a]	1 207.342	
8	2008 Change in CPI	7.961	3.84%
9	2009 Forecasted change in CPI [b]		S6/2 0.10%
10	2010 Forecasted change in CPI [b]		1 1.70%
11	**Cost Escalator Factor 2007 to 2010**		**1.05710**

[2] Based on a Cost Escalation Adjustment from 2008 to 2010

		% Change
12	2009 Forecasted change in CPI [b]	S6/2 0.10%
13	2010 Forecasted change in CPI [b]	1 1.70%
14	**Cost Escalator Factor 2008 to 2010**	**1.01802**

Bureau of Labor Statistics Data
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Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0
Not Seasonally Adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1999	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3	166.6	165.4	167.8
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0	172.2	170.8	173.6
2001	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7	177.1	176.6	177.5
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9	179.9	178.9	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3	184.0	183.3	184.6
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3	188.9	187.6	190.2
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	193.2	197.4
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	200.6	202.6
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036	207.342	205.709	208.976
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	215.303	214.429	216.177
2009	211.143	212.193													

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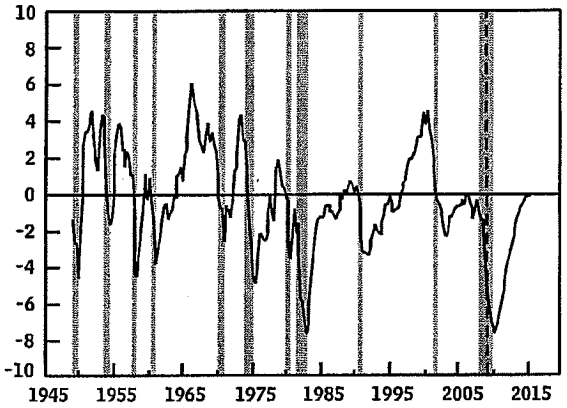
Figure 1.

The GDP Gap, 1949 to 2019

(Percentage of potential gross domestic product)



Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis.

Notes: The GDP gap is the difference between real (inflation-adjusted) gross domestic product and its estimated potential level (which corresponds to a high level of resource—labor and capital—use).

Data are quarterly and are plotted through the fourth quarter of 2019.

- According to CBO's estimates, outlays this year will include more than $180 billion to reflect the present value of the net cost of transactions under the Troubled Asset Relief Program (TARP), which was created in the fall of 2008. (Broadly speaking, that cost is the purchase price minus the present value, adjusted for market risk, of any estimated future earnings from holding purchased assets and the proceeds from the eventual sale of them.) The TARP has the authority to enter into agreements to purchase assets totaling up to $700 billion outstanding at any one time, but the net cost over time will be much less than that amount.

- The deficit for 2009 also incorporates CBO's estimate of the cost to the federal government of the recent takeover of Fannie Mae and Freddie Mac. Because those entities were created and chartered by the government, are responsible for implementing certain government policies, and are currently under the direct control of the federal government, CBO has concluded that their operations should be reflected in the federal budget. Recognizing that cost in 2009 adds about $240 billion (in discounted present-value terms) to the deficit this year.

- Economic factors have also boosted spending on programs such as those providing unemployment compensation and nutrition assistance as well as those with cost-of-living adjustments. (Such adjustments for 2009 are large because most of them are based on the growth in the consumer price index over the four quarters ending in the third quarter of 2008.)

The Economic Outlook

CBO anticipates that the current recession, which started in December 2007, will last until the second half of 2009, making it the longest recession since World War II. (The longest such recessions otherwise, the 1973–1974 and 1981–1982 recessions, both lasted 16 months. If the current recession were to continue beyond midyear, it would last at least 19 months.) It could also be the deepest recession during the postwar period: By CBO's estimates, economic output over the next two years will average 6.8 percent below its potential—that is, the level of output that would be produced if the economy's resources were fully employed (see Figure 1). This recession, however, may not result in the highest unemployment rate. That rate, in CBO's forecast, rises to 9.2 percent by early 2010 (up from a low of 4.4 percent at the end of 2006) but is still below the 10.8 percent rate seen near the end of the 1981–1982 recession.

The Near-Term Outlook

In preparing its economic forecast, CBO assumes that current laws and policies governing federal spending and taxes do not change. This forecast, therefore, does not include the effects of a possible fiscal stimulus package. On that basis, CBO anticipates that real GDP will drop by 2.2 percent in calendar year 2009, a steep decline. CBO expects the economy to begin a slow recovery in the second half of 2009 and to grow by a modest 1.5 percent in 2010 (see Table 1).

CBO expects inflation to continue to decline, both because energy prices have been falling and because inflation excluding energy and food prices—the core rate—tends to ease during and immediately after a recession. For 2009, CBO anticipates that the increase in the CPI-U will be only 0.1 percent. For 2010, CBO forecasts the CPI-U to be higher—at 1.7 percent—because energy prices are not expected to lessen inflation that year.

S6/2

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News

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TRANSMISSION OF
MATERIAL IN THIS
RELEASE IS EMBARGOED
UNTIL 8:30 A.M. (EDT)
Wednesday, April 15, 2009

CONSUMER PRICE INDEX: MARCH 2009

CPI for All Urban Consumers (CPI-U)

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in March, before seasonal adjustment, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The index has decreased 0.4 percent over the last year, the first 12 month decline since August 1955.

On a seasonally adjusted basis, the CPI-U decreased 0.1 percent in March after rising 0.4 percent in February. The decrease was due to a downturn in the energy index, which declined 3.0 percent in March after rising 3.3 percent the previous month. All the energy indexes decreased, particularly the indexes for fuel oil, natural gas, and motor fuel. The food index declined 0.1 percent for the second straight month to virtually the same level as October 2008. The food at home index declined 0.4 percent, the second straight such decrease, as the index for dairy and related products continued to decline.

The index for all items less food and energy increased 0.2 percent for the third month in a row. An 11.0 percent increase in the index for tobacco and smoking products accounted for over sixty percent of the March rise, with a 0.6 percent increase in the new vehicles index also contributing. In contrast, the indexes for lodging away from home, used cars and trucks, and airline fares continued to decline. The index for all items less food and energy has risen 1.8 percent over the past year.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U)

Expenditure Category	Seasonally adjusted								Un-adjusted 12-mos. ended Mar. 2009
	Changes from preceding month							Compound annual rate 3-mos. ended Mar. 2009	
	Sep. 2008	Oct. 2008	Nov. 2008	Dec. 2008	Jan. 2009	Feb. 2009	Mar. 2009		
All items	.0	-.8	-1.7	-.8	.3	.4	-.1	2.2	-.4
Food and beverages	.5	.4	.2	.1	.1	-.1	-.1	-.7	4.3
Housing	-.1	.0	-.1	.0	.0	.0	-.1	-.5	1.4
Apparel	-.3	-.7	.1	-.6	.3	1.3	-.2	5.3	1.4
Transportation	-.1	-4.8	-9.7	-5.0	1.3	1.9	-1.1	8.8	-13.1
Medical care	.3	.2	.2	.3	.4	.3	.2	4.0	2.8
Recreation	.2	.2	.0	-.2	.0	.4	.0	1.8	1.7
Education and communication	.1	.2	.2	.3	.3	.2	.2	2.9	3.6
Other goods and services	.2	.3	.0	.0	.3	.2	2.7	13.5	5.7
Special indexes:									
Energy	-1.0	-7.8	-16.9	-9.3	1.7	3.3	-3.0	7.9	-23.0
Food	.5	.4	.2	.0	.1	-.1	-.1	-.8	4.4
All items less food and energy	.1	.0	.1	.0	.2	.2	.2	2.2	1.8

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Supplementary CPI Data

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category and commodity and service group

(1982-84=100, unless otherwise noted)

CPI-U

Expenditure category	Relative importance, December 2008	Unadjusted indexes		Unadjusted percent change to Mar. 2009 from—		Seasonally adjusted percent change from—		
		Feb. 2009	Mar. 2009	Mar. 2008	Feb. 2009	Dec. to Jan.	Jan. to Feb.	Feb. to Mar.
All items	100.000	212.193	212.709	-0.4	0.2	0.3	0.4	-0.1
All items (1967=100)	-	635.637	637.182	-	-	-	-	-
Food and beverages	15.757	219.333	218.794	4.3	-.2	.1	-.1	-.1
Food	14.629	219.205	218.600	4.4	-.3	.1	-.1	-.1
Food at home	8.156	218.389	217.110	4.3	-.6	-.1	-.4	-.4
Cereals and bakery products	1.150	254.187	253.698	7.4	-.2	.0	-.5	-.2
Meats, poultry, fish, and eggs	1.898	207.963	206.348	3.3	-.8	-.1	-.1	-.9
Dairy and related products [1]	.910	204.537	199.687	-3.1	-2.4	-.6	-2.4	-2.4
Fruits and vegetables	1.194	278.721	274.759	2.4	-1.4	-1.3	.4	.2
Nonalcoholic beverages and beverage materials	.982	164.213	165.656	4.8	.9	-.1	-.4	1.0
Other food at home	2.022	192.404	192.234	7.9	-.1	.6	-.3	.0
Sugar and sweets	.300	196.676	197.137	8.2	.2	1.5	.0	.2
Fats and oils	.241	205.359	204.776	12.0	-.3	-1.9	-1.1	.1
Other foods	1.481	206.621	206.367	7.1	-.1	.8	-.2	.0
Other miscellaneous foods [1 2]	.433	122.580	122.402	4.3	-.1	.2	-1.2	-.1
Food away from home [1]	6.474	221.968	222.216	4.6	.1	.3	.3	.1
Other food away from home [1 2]	.314	154.726	154.414	3.9	-.2	-.4	.9	-.2
Alcoholic beverages	1.127	219.682	219.999	3.6	.1	.2	-.2	.1
Housing	43.421	217.180	217.374	1.4	.1	.0	.0	-.1
Shelter	33.200	248.878	249.597	1.5	.3	.2	.0	.0
Rent of primary residence [3]	5.957	248.305	248.639	3.2	.1	.3	.1	.2
Lodging away from home [2]	2.478	135.809	137.715	-7.8	1.4	-1.1	-1.8	-2.4
Owners' equivalent rent of primary residence [3 4]	24.433	255.779	256.321	2.1	.2	.3	.1	.2
Tenants' and household insurance [1 2]	.333	120.683	120.737	2.6	.0	.3	.2	.0
Fuels and utilities	5.431	213.520	210.501	.6	-1.4	-.7	-.1	-1.4
Household energy	4.460	192.168	188.736	-.5	-1.8	-.9	-.2	-1.8
Fuel oil and other fuels	.301	242.264	230.837	-30.5	-4.7	-2.7	-1.8	-7.7
Gas (piped) and electricity [3]	4.159	197.886	194.752	2.4	-1.6	-.8	.0	-1.4
Water and sewer and trash collection services [2]	.971	157.638	158.052	5.9	.3	.2	.1	.4
Household furnishings and operations	4.790	129.170	129.669	1.8	.4	-.1	.2	.3
Household operations [1 2]	.781	150.156	150.914	4.1	.5	-.2	-.2	.5
Apparel	3.691	118.825	122.545	1.4	3.1	.3	1.3	-.2
Men's and boys' apparel	.923	115.202	117.748	2.4	2.2	1.6	2.8	-.3
Women's and girls' apparel	1.541	105.777	111.079	.4	5.0	.2	.8	-.7
Infants' and toddlers' apparel	.183	113.544	115.548	-.4	1.8	.5	-1.1	.6
Footwear	.688	124.301	126.707	1.8	1.9	-.2	.7	.2
Transportation	15.314	169.542	169.647	-13.1	.1	1.3	1.9	-1.1
Private transportation	14.189	164.871	165.023	-13.6	.1	1.5	2.2	-1.1
New and used motor vehicles [2]	6.931	92.224	92.109	-2.3	-.1	.2	.5	.0
New vehicles	4.480	134.186	134.611	-.8	.3	.3	.8	.6
Used cars and trucks	1.628	122.837	121.061	-11.8	-1.4	-.8	-1.7	-1.7
Motor fuel	3.164	167.395	168.404	-39.6	.6	5.3	7.6	-4.4
Gasoline (all types)	2.964	166.118	167.826	-39.3	1.0	6.0	8.3	-4.0
Motor vehicle parts and equipment [1]	.382	134.108	134.484	6.5	.3	.3	.5	.3
Motor vehicle maintenance and repair [1]	1.188	241.689	242.118	5.4	.2	.7	.3	.2
Public transportation	1.125	231.529	230.735	-5.0	-.3	-1.8	-1.9	-1.0
Medical care	6.390	372.405	373.189	2.8	.2	.4	.3	.2
Medical care commodities	1.625	302.184	302.908	1.9	.2	.4	.6	.2
Medical care services	4.765	394.047	394.837	3.1	.2	.5	.3	.2
Professional services	2.702	316.992	317.460	2.8	.1	.3	.1	.0
Hospital and related services [3]	1.545	558.373	560.995	6.1	.5	.8	.8	.6

See footnotes at end of table.

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Schedule 7

Illinois-American Water Company
Customer Accounts Analysis

Line No.	(A)		Iowa		Illinois				
			Interstate Power and Light Company (B)	MidAmerican Energy Company (C)	Central Illinois Light Company (D)	Central Illinois Public Service Company (E)	Commonwealth Edison Company (F)	Illinois Power Company (G)
	Customer Accounts Expense							
	(2007 FERC Form No. 1)							
1	Acct 901 - Supervision (As Applicable to Customer Accounts Expense)	[1]	$ 137,950	$ 834,872	$ 1,496	$ 2,597	$ 327,370	$ 9,567
2	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 1/5 6,841,367	$ 2/10 14,254,909	$ 3/5 5,596,991	$ 4/5 8,716,470	$ 5/5 120,610,588	$ 6/5 10,983,933
3	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		$ 28,667	$ 309,674	$ 223,985	$ 302,592	$ -	$ 645,956
4	Subtotal		$ 7,007,984	$ 15,399,455	$ 5,822,472	$ 9,021,659	$ 120,937,958	$ 11,639,456
	Add: Employee Benefits & Employer FICA (not included in above amounts)							
5	Account 926 - Employee Pension & Benefits	[2]	$ 989,239	$ 3,409,266	$ 999,024	$ 782,849	$ 22,781,792	$ 673,567
6	Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	[3]	$ 371,998	$ 1,521,496	$ 334,211	$ 442,765	$ 5,097,155	$ 618,915
7	Total Customer Accts Expense		$ 8,369,221	$ 20,330,217	$ 7,155,707	$ 10,247,273	$ 148,816,904	$ 12,931,938
8	Average Number of Customers (Pg 304, Ln 43)		1/4 528,093	~/14 716,315	3/4 210,178	4/4 387,776	5/4 3,802,140	6/4 616,239
9	Customer Accts Expense per Customer		$ 15.85	$ 28.38	$ 34.05	$ 26.43	$ 39.14	$ 20.99
10	Consumer Price Index Cost Escalator	[4]	1.0571	1.0571	1.0571	1.0571	1.0571	1.0571
11	Customer Accts Expense per Customer on 2010 Basis		$ 16.75	$ 30.00	$ 35.99	$ 27.93	$ 41.38	$ 22.18
	Footnote							
	[1] Allocation of Account 901 Between Meter Reading & Customer Accounts							
12	Acct 902 - Meter Reading (Pg 322, Ln 160)		$ 1/5 5,953,252	$ 2/10 7,779,904	$ 3/5 1,890,408	$ 4/5 3,981,834	$ 5/5 33,825,388	$ 6/5 7,065,186
13	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 6,841,367	$ 14,254,909	$ 5,596,991	$ 8,716,470	$ 120,610,588	$ 10,983,933
14	Total of Accts 902 & 903		$ 12,794,619	$ 22,034,813	$ 7,487,399	$ 12,698,304	$ 154,435,976	$ 18,049,119
15	% of Acct 901 to Allocate to Acct 902 (Ln 12÷ Ln 14)		46.5%	35.3%	25.2%	31.4%	21.9%	39.1%
16	% of Acct 901 to Allocate to Acct 903 (Ln 13 ÷ Ln 14)		53.5%	64.7%	74.8%	68.6%	78.1%	60.9%
17	Acct 901 - Supervision (Pg 322, Ln 159)		1/5 257,992	$ 2/10 1,290,520	$ 3/5 2,001	$ 4/5 3,783	$ 5/5 419,181	$ 6/5 15,720
18	Portion of Acct 901 Applicable to Acct 902 (Ln 17 x Ln 15)		120,042	455,648	505	1,186	91,811	6,153
19	Portion of Acct 901 Applicable to Acct 903 (Ln 17 x Ln 16)		137,950	834,872	1,496	2,597	327,370	9,567
	[2] Calculation of Pension & Benefits Related to Customer Accounts							
20	Account 926 - Employee Pension & Benefits (Pg 323, Ln 187)		$ 1/6 23,724,694	$ 2/11 38,097,558	$ 3/6 8,354,060	$ 4/6 8,570,858	$ 5/6 115,712,143	$ 6/6 7,324,915
21	Total O&M Payroll (Pg 355, Ln 65)		$ 1/8 116,621,416	$ 2/13 222,251,966	$ 3/8 36,532,693	$ 4/8 63,366,179	$ 5/8 338,421,095	$ 6/8 87,981,507
22	Total Benefits as Percent of Payroll		20.3%	17.1%	22.9%	13.5%	34.2%	8.3%
	Payroll Applicable to Customer Accounts							
	Total Payroll Charged to Customer Accounts Function							
23	Electric (Pg 354, Ln 7)		1/7 6,582,592	2/12 16,414,627	3/7 3,140,575	4/7 5,666,365	5/7 85,366,508	6/7 7,888,565
24	Gas (Pg 354, Ln 37)		2,494,279	14,720,361	2,647,376	2,677,418	-	5,121,044
25	Total Payroll Charged to Customer Accounts		9,076,871	31,134,988	5,787,951	8,343,783	85,366,508	13,009,609
	Percent Applicable to Customer Accounts (903 and 905):							
26	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 903)		137,950	834,872	1,496	2,597	327,370	9,567
27	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		1/5 6,841,367	2/10 14,254,909	3/5 5,596,991	4/5 8,716,470	5/5 120,610,588	6/5 10,983,933
28	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		28,667	309,674	223,985	302,592	-	645,956
29	Subtotal - Total Charges Applicable to Customer Accounts		7,007,984	14,564,583	5,820,976	9,019,062	120,610,588	11,629,889
30	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 902)		120,042	455,648	505	1,186	91,811	6,153
31	Acct 902 - Meter Reading Expenses (Form 1, page 322, line 160)		1/5 5,953,252	2/10 7,779,904	3/5 1,890,408	4/5 3,981,834	5/5 33,825,388	6/5 7,065,186
32	Total Charges Applicable to Customer Accounts & Meter Reading		13,081,278	22,800,135	7,711,889	13,002,082	154,527,787	18,701,228
33	Percent Applicable to Customer Accounts (903 and 905):		53.6%	63.9%	75.5%	69.4%	78.1%	62.2%
34	Customer Accounts Portion of Total Payroll		$ 4,862,718	$ 19,888,835	$ 4,368,777	$ 5,787,773	$ 66,629,471	$ 8,090,394
35	Pension & Benefits Pertaining to Customer Accounts		$ 989,239	$ 3,409,266	$ 999,024	$ 782,849	$ 22,781,792	$ 673,567
	[3] Calculation of Employer's FICA Related to Customer Accounts							
36	Customer Accounts Portion of Total Payroll		$ 4,862,718	$ 19,888,835	$ 4,368,777	$ 5,787,773	$ 66,629,471	$ 8,090,394
37	Employers Portion of FICA (From IRS Publication 15 - Employer's Tax Guide)		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
38	Total Calculated Employer's Portion of FICA		$ 371,998	$ 1,521,496	$ 334,211	$ 442,765	$ 5,097,155	$ 618,915
	[4] Calculation of CPI Cost Escalator							
39	% Change in 2008 CPI (Schedule 6)		3.84%					
40	% Change in 2009 CPI (Schedule 6)		0.10%					
41	% Change in 2010 CPI (Schedule 6)		1.70%					
42	Cost Escalator Factor 2007 to 2010		1.0571					

Illinois-American Water Company
Customer Accounts Analysis

Line No.	(A)		Indiana (H) Duke Energy Indiana, Inc	Indiana (I) Indiana Michigan Power Company	Missouri (J) The Empire District Electric Company	Missouri (K) Kansas City Power & Light Company	Missouri (L) Union Electric Company
	Customer Accounts Expense						
	(2007 FERC Form No. 1)						
1	Acct 901 - Supervision (As Applicable to Customer Accounts Expense)	[1]	$ 117,089	$ 1,378,472	$ 443,125	$ 72,079	$ 973,180
2	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 7/5 20,424,866	$ 8/5 17,077,474	$ 9/7 4,306,182	$ 10/5 10,445,176	$ 11/5 23,559,069
3	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		$ ↓ 71,323	$ ↓ 101,472	$ ↓ 363,017	$ ↓ 6,055	$ ↓ 393,593
4	Subtotal		$ 20,613,278	$ 18,557,418	$ 5,112,324	$ 10,523,310	$ 24,925,842
	Add: Employee Benefits & Employer FICA (not included in above amounts)						
5	Account 926 - Employee Pension & Benefits	[2]	$ 3,566,879	$ 869,841	$ 1,088,404	$ 2,027,200	$ 2,742,079
6	Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	[3]	$ 709,267	$ 355,368	$ 221,032	$ 393,265	$ 819,412
7	Total Customer Accts Expense		$ 24,889,424	$ 19,782,627	$ 6,421,759	$ 12,943,775	$ 28,487,333
8	Average Number of Customers (Pg 304, Ln 43)		7/4 773,954	8/4 581,882	9/6 166,497	10/4 514,210	11/4 1,179,789
9	Customer Accts Expense per Customer		$ 32.16	$ 34.00	$ 38.57	$ 25.17	$ 24.15
10	Consumer Price Index Cost Escalator	[4]	1.0571	1.0571	1.0571	1.0571	1.0571
11	Customer Accts Expense per Customer on 2010 Basis		$ 34.00	$ 35.94	$ 40.77	$ 26.61	$ 25.53
	Footnote						
	[1] Allocation of Account 901 Between Meter Reading & Customer Accounts						
12	Acct 902 - Meter Reading (Pg 322, Ln 160)		$ 7/5 6,609,800	$ 8/5 3,635,670	$ 9/7 1,510,835	$ 10/5 3,687,007	$ 11/5 17,397,091
13	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ ↓ 20,424,866	$ ↓ 17,077,474	$ ↓ 4,306,182	$ ↓ 10,445,176	$ ↓ 23,559,069
14	Total of Accts 902 & 903		$ 27,034,666	$ 20,713,144	$ 5,817,017	$ 14,132,183	$ 40,956,160
15	% of Acct 901 to Allocate to Acct 902 (Ln 12÷ Ln 14)		24.4%	17.6%	26.0%	26.1%	42.5%
16	% of Acct 901 to Allocate to Acct 903 (Ln 13 ÷ Ln 14)		75.6%	82.4%	74.0%	73.9%	57.5%
17	Acct 901 - Supervision (Pg 322, Ln 159)		$ 7/5 154,981	$ 8/5 1,671,939	$ 9/7 598,596	$ 10/5 97,522	$ 11/5 1,691,821
18	Portion of Acct 901 Applicable to Acct 902 (Ln 17 x Ln 15)		37,892	293,467	155,471	25,443	718,641
19	Portion of Acct 901 Applicable to Acct 903 (Ln 17 x Ln 16)		117,089	1,378,472	443,125	72,079	973,180
	[2] Calculation of Pension & Benefits Related to Customer Accounts						
20	Account 926 - Employee Pension & Benefits (Pg 323, Ln 187)		$ 7/6 64,187,707	$ 8/6 31,214,137	$ 9/8 14,263,924	$ 10/6 60,859,546	$ 11/6 84,255,317
21	Total O&M Payroll (Pg 355, Ln 65)		$ 7/8 166,844,415	$ 8/8 166,697,050	$ 9/10 37,865,334	$ 10/8 154,332,016	$ 11/8 329,122,912
22	Total Benefits as Percent of Payroll		38.5%	18.7%	37.7%	39.4%	25.6%
	Payroll Applicable to Customer Accounts						
	Total Payroll Charged to Customer Accounts Function						
23	Electric (Pg 354, Ln 7)		7/7 12,278,547	8/7 5,707,798	9/9 3,920,412	10/7 6,966,789	11/7 15,228,065
24	Gas (Pg 354, Ln 37)		↓ -	↓ -	↓ -	↓ -	↓ 3,584,281
25	Total Payroll Charged to Customer Accounts		12,278,547	5,707,798	3,920,412	6,966,789	18,812,346
	Percent Applicable to Customer Accounts (903 and 905):						
26	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 903)		117,089	1,378,472	443,125	72,079	973,180
27	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		7/5 20,424,866	8/5 17,077,474	9/7 4,306,182	10/5 10,445,176	11/5 23,559,069
28	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		↓ 71,323	↓ 101,472	↓ 363,017	↓ 6,055	↓ 393,593
29	Subtotal - Total Charges Applicable to Customer Accounts		20,496,189	17,178,946	4,669,199	10,451,231	23,952,662
30	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 902)		37,892	293,467	155,471	25,443	718,641
31	Acct 902 - Meter Reading Expenses (Form 1, page 322, line 160)		7/5 6,609,800	8/5 3,635,670	9/7 1,510,835	10/5 3,687,007	11/5 17,397,091
32	Total Charges Applicable to Customer Accounts & Meter Reading		27,143,881	21,108,083	6,335,505	14,163,681	42,068,394
33	Percent Applicable to Customer Accounts (903 and 905):		75.5%	81.4%	73.7%	73.8%	56.9%
34	Customer Accounts Portion of Total Payroll		$ 9,271,461	$ 4,645,327	$ 2,889,301	$ 5,140,720	$ 10,711,266
35	Pension & Benefits Pertaining to Customer Accounts		$ 3,566,879	$ 869,841	$ 1,088,404	$ 2,027,200	$ 2,742,079
	[3] Calculation of Employer's FICA Related to Customer Accounts						
36	Customer Accounts Portion of Total Payroll		$ 9,271,461	$ 4,645,327	$ 2,889,301	$ 5,140,720	$ 10,711,266
37	Employers Portion of FICA (From IRS Publication 15 - Employer's Tax Guide)		7.65%	7.65%	7.65%	7.65%	7.65%
38	Total Calculated Employer's Portion of FICA		$ 709,267	$ 355,368	$ 221,032	$ 393,265	$ 819,412
	[4] Calculation of CPI Cost Escalator						
39	% Change in 2008 CPI (Schedule 6)						
40	% Change in 2009 CPI (Schedule 6)						
41	% Change in 2010 CPI (Schedule 6)						
42	Cost Escalator Factor 2007 to 2010						

Illinois-American Water Company
Customer Accounts Analysis

Line No.	(A)		Ohio: Duke Energy Ohio, Inc (M)	Ohio: Ohio Power Company (N)	Group Average (O)
	Customer Accounts Expense				
	(2007 FERC Form No. 1)				
1	Acct 901 - Supervision (As Applicable to Customer Accounts Expense)	[1]	$ 96,843	$ 1,253,725	$ 5,648,364
2	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ 12/5 18,254,512	$ 13/5 23,346,691	$ 284,418,228
3	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		$ ↓ 7,279	$ ↓ 36,717	$ 2,490,330
4	Subtotal		$ 18,358,634	$ 24,637,133	$ 292,556,922
	Add: Employee Benefits & Employer FICA (not included in above amounts)				
5	Account 926 - Employee Pension & Benefits	[2]	$ 5,123,287	$ 1,030,723	$ 44,190,042
6	Account 408 - Taxes Other Than Income (Employer's Portion of FICA)	[3]	$ 1,289,239	$ 414,687	$ 12,791,795
7	**Total Customer Accts Expense**		$ 24,771,160	$ 26,082,543	$ 349,538,759
8	Average Number of Customers (Pg 304, Ln 43)		12/4 686,578	13/4 711,406	10,875,057
9	**Customer Accts Expense per Customer**		$ 36.08	$ 36.66	$ 32.14
10	Consumer Price Index Cost Escalator	[4]	1.0571	1.0571	1.0571
11	**Customer Accts Expense per Customer on 2010 Basis**		$ 38.14	$ 38.76	$ 33.98
	Footnote				
	[1] Allocation of Account 901 Between Meter Reading & Customer Accounts				
12	Acct 902 - Meter Reading (Pg 322, Ln 160)		$ 12/5 5,910,289	$ 13/5 5,348,894	$ 104,595,558
13	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		$ ↓ 18,254,512	$ ↓ 23,346,691	$ 284,418,228
14	Total of Accts 902 & 903		$ 24,164,801	$ 28,695,585	$ 389,013,786
15	% of Acct 901 to Allocate to Acct 902 (Ln 12÷ Ln 14)		24.5%	18.6%	26.9%
16	% of Acct 901 to Allocate to Acct 903 (Ln 13 ÷ Ln 14)		75.5%	81.4%	73.1%
17	Acct 901 - Supervision (Pg 322, Ln 159)		$ 12/5 128,198	$ 13/5 1,540,962	$ 7,873,216
18	Portion of Acct 901 Applicable to Acct 902 (Ln 17 x Ln 15)		31,355	287,237	2,224,852
19	Portion of Acct 901 Applicable to Acct 903 (Ln 17 x Ln 16)		96,843	1,253,725	5,648,364
	[2] Calculation of Pension & Benefits Related to Customer Accounts				
20	Account 926 - Employee Pension & Benefits (Pg 323, Ln 187)		$ 12/6 52,482,158	$ 13/6 22,732,455	$ 531,779,472
21	Total O&M Payroll (Pg 355, Ln 65)		$ 12/8 172,637,482	$ 13/8 119,553,966	$ 2,012,228,031
22	Total Benefits as Percent of Payroll		30.4%	19.0%	26.4%
	Payroll Applicable to Customer Accounts				
	Total Payroll Charged to Customer Accounts Function				
23	Electric (Pg 354, Ln 7)		12/7 8,774,665	13/7 6,727,321	$ 184,662,829
24	Gas (Pg 354, Ln 37)		↓ 13,561,352	↓ -	$ 44,806,111
25	Total Payroll Charged to Customer Accounts		22,336,017	6,727,321	229,468,940
	Percent Applicable to Customer Accounts (903 and 905):				
26	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 903)		96,843	1,253,725	5,648,364
27	Acct 903 - Customer Records & Collection (Pg 322, Ln 161)		12/5 18,254,512	13/5 23,346,691	284,418,228
28	Acct 905 - Misc Customer Accounts (Pg 322, Ln 163)		↓ 7,279	↓ 36,717	2,490,330
29	Subtotal - Total Charges Applicable to Customer Accounts		18,261,791	23,383,408	286,908,558
30	Acct 901 - Supervision (Portion of Acct 901 Applicable to Acct 902)		31,355	287,237	2,224,852
31	Acct 902 - Meter Reading Expenses (Form 1, page 322, line 160)		12/5 5,910,289	13/5 5,348,894	104,595,558
32	Total Charges Applicable to Customer Accounts & Meter Reading		24,203,435	29,019,539	393,728,968
33	Percent Applicable to Customer Accounts (903 and 905):		75.5%	80.6%	72.9%
34	Customer Accounts Portion of Total Payroll		$ 16,852,801	$ 5,420,751	$ 167,213,002
35	**Pension & Benefits Pertaining to Customer Accounts**		$ 5,123,287	$ 1,030,723	$ 44,190,042
	[3] Calculation of Employer's FICA Related to Customer Accounts				
36	Customer Accounts Portion of Total Payroll		$ 16,852,801	$ 5,420,751	$ 167,213,002
37	Employers Portion of FICA (From IRS Publication 15 - Employer's Tax Guide)		7.65%	7.65%	7.65%
38	**Total Calculated Employer's Portion of FICA**		$ 1,289,239	$ 414,687	$ 12,791,795
	[4] Calculation of CPI Cost Escalator				
39	% Change in 2008 CPI (Schedule 6)				
40	% Change in 2009 CPI (Schedule 6)				
41	% Change in 2010 CPI (Schedule 6)				
42	Cost Escalator Factor 2007 to 2010				

WP Ex11.01-S7

Social Security and Medicare Taxes

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital insurance. The old-age, survivors, and disability insurance part is financed by the social security tax. The hospital insurance part is financed by the Medicare tax. Each of these taxes is reported separately.

Generally, you are required to withhold social security and Medicare taxes from your employees' wages and you must also pay a matching amount of these taxes. Certain types of wages and compensation are not subject to social security and Medicare taxes. See sections 5 and 15 for details. Generally, employee wages are subject to social security and Medicare taxes regardless of the employee's age or whether he or she is receiving social security benefits. If the employee reported tips, see section 6.

Tax rates and the social security wage base limit. Social security and Medicare taxes have different rates and only the social security tax has a wage base limit. The wage base limit is the maximum wage that is subject to the tax for the year. Determine the amount of withholding for social security and Medicare taxes by multiplying each payment by the employee tax rate. There are no withholding allowances for social security and Medicare taxes.

The employee tax rate for social security is 6.2% (amount withheld). The employer tax rate for social security is also 6.2% (12.4% total). The 2008 wage base limit was $102,000. For 2009, the wage base limit is $106,800.

The employee tax rate for Medicare is 1.45% (amount withheld). The employer tax rate for Medicare tax is also 1.45% (2.9% total). There is no wage base limit for Medicare tax; all covered wages are subject to Medicare tax.

Successor employer. If you received all or most of the property used in the trade or business of another employer, or a unit of that employer's trade or business, you may include the wages that the other employer paid to your acquired employees before the transfer of property when you figure the annual wage base limit for social security. You should determine whether or not you should file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, by reviewing the Instructions for Schedule D (Form 941). See Regulations section 31.3121(a)(1)-1(b) for more information. Also see Rev. Proc. 2004-53 for more information. You can find Rev. Proc. 2004-53 on page 320 of Internal Revenue Bulletin 2004-34 at www.irs.gov/pub/irs-irbs/irb04-34.pdf.

WP Ex11.01-S7

Interstate P&L Company

THIS FILING	
WP Ex11.01-S7	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Interstate Power and Light Company	End of 2007/Q4

WP Ex11 01e07

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Central Illinois Public Service Company	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	
05 Name of Contact Person Bruce A. Steinke	06 Title of Contact Person Vice President & Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	

08 Telephone of Contact Person,*Including Area Code* (314) 554-2574	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Bruce A. Steinke	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice President & Controller	Bruce A. Steinke	/ /

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

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Name of Respondent WP EX11.01-S7 Central Illinois Public Service Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Martin J. Lyons, Jr.
Senior Vice President and Chief Accounting Officer of Ameren Corporation, the parent company of Central Illinois Public Service Company
1901 Chouteau Avenue, St. Louis, MO 63103

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Illinois - May 26, 1902

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

The respondent, operating in the state of Illinois, furnishes electric and gas service.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

1/3

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Interstate Power and Light Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	710 Sodium Street Lighting IL	111	20,194	1	111,000	0.1819
2	Unbilled Revenue	-257	-23,284			0.0906
3						
4	Total A/C 444	55,640	10,238,738	737	75,495	0.1840
5						
6						
7	Public Authority A/C 445:					
8	250 General Service NE		9,421	52		
9	520 Municipal Pumping NE	19,964	1,620,244	287	69,561	0.0812
10	527 Municipal Pump on-Peak NE	22	7,697	3	7,333	0.3499
11	528 Municipal Pump Off-Peak NE	274	11,221			0.0410
12	530 Municipal Sirens NE					
13	380 Municipal Pumping MN	1,270	115,691	141	9,007	0.0911
14	390 Municipal Pump Demand MN	16,464	1,194,388	107	153,869	0.0725
15	660 Municipal Pumping IL	646	45,476	4	161,500	0.0704
	Unbilled Revenue	-433	-29,759			0.0687
18	Total A/C 445	38,207	2,974,379	594	64,322	0.0778
19						
20						
21	Pages 304 All					
22	Tot Billed	15,978,846	1,183,789,386	528,093	30,258	0.0741
23	Tot Unbilled	-19,392	-1,182,696			0.0610
24	Total	15,959,454	1,182,606,690	528,093	30,221	0.0741
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

1/4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Interstate Power and Light Company WP EXH.04-S7	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	3,189,049	2,252,110
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	3,189,049	2,252,110
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	3,189,049	2,252,110
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	5,669,356	3,102,578
135	(581) Load Dispatching	802,091	2,900,083
136	(582) Station Expenses	83,719	99,638
137	(583) Overhead Line Expenses	309,053	-3,093,188
138	(584) Underground Line Expenses	664,553	648,903
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses	-1,713,017	-1,976,843
	(587) Customer Installations Expenses		-48,109
	(588) Miscellaneous Expenses	1,548,287	1,275,665
143	(589) Rents	179,868	97,601
144	TOTAL Operation (Enter Total of lines 134 thru 143)	7,543,910	3,006,328
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		5
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment	3,107,366	3,054,935
149	(593) Maintenance of Overhead Lines	20,260,696	14,949,528
150	(594) Maintenance of Underground Lines	580,930	921,104
151	(595) Maintenance of Line Transformers	21,650	22,312
152	(596) Maintenance of Street Lighting and Signal Systems	65,628	54,631
153	(597) Maintenance of Meters	4,956	
154	(598) Maintenance of Miscellaneous Distribution Plant	11,876	11,495
155	TOTAL Maintenance (Total of lines 146 thru 154)	24,053,102	19,014,010
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	31,597,012	22,020,338
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	257,992	271,440
160	(902) Meter Reading Expenses	5,953,252	5,951,711
161	(903) Customer Records and Collection Expenses	6,841,867	5,758,908
162	(904) Uncollectible Accounts	4,257,693	3,911,088
163	(905) Miscellaneous Customer Accounts Expenses	28,667	30,160
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	17,338,971	15,922,707

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Interstate Power and Light Company WP EXT1.01-S7	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	57,332	60,320
168	(908) Customer Assistance Expenses	32,237,924	36,235,079
169	(909) Informational and Instructional Expenses	267,506	265,124
170	(910) Miscellaneous Customer Service and Informational Expenses	91,440	81,416
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	32,654,202	36,641,939
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		33
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		33
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	40,636,499	43,515,996
182	(921) Office Supplies and Expenses	18,547,418	20,097,457
183	(Less) (922) Administrative Expenses Transferred-Credit	21,255,563	17,634,246
184	(923) Outside Services Employed	6,921,608	8,257,781
185	(924) Property Insurance	189,719	38,815
186	(925) Injuries and Damages	5,857,934	6,951,494
187	(926) Employee Pensions and Benefits	23,724,694	29,389,292
188	(927) Franchise Requirements	13,005	
189	(928) Regulatory Commission Expenses	2,731,770	2,837,914
190	(929) (Less) Duplicate Charges-Cr.	684,772	767,314
191	(930.1) General Advertising Expenses		
192	(930.2) Miscellaneous General Expenses	1,683,575	1,179,433
	(931) Rents	645,481	842,190
	TOTAL Operation (Enter Total of lines 181 thru 193)	79,011,368	94,708,812
195	Maintenance		
196	(935) Maintenance of General Plant	889,868	783,244
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	79,901,236	95,492,056
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	862,277,771	914,113,455

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Name of Respondent	This Report Is:	Date of Rep (Mo, Da, Y	Year/Period of Report
Interstate Power and Light Company (WP-Ex1 L 01-S7)	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	20,691,745		
4	Transmission	2,056,432		
5	Regional Market			
6	Distribution	8,266,803		
7	Customer Accounts	6,582,592		
8	Customer Service and Informational	4,172,173		
9	Sales			
10	Administrative and General	23,515,682		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	65,285,427		
12	Maintenance			
13	Production	9,090,902		
14	Transmission	1,644,248		
15	Regional Market			
16	Distribution	9,081,757		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	19,816,907		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	29,782,647		
21	Transmission (Enter Total of lines 4 and 14)	3,700,680		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	17,348,560		
24	Customer Accounts (Transcribe from line 7)	6,582,592		
25	Customer Service and Informational (Transcribe from line 8)	4,172,173		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	23,515,682		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	85,102,334	12,317,599	97,419,933
29	Gas			
30	Operation			
31	Production-Manufactured Gas	28,353		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission	1,234		
36	Distribution	5,115,360		
37	Customer Accounts	2,494,279		
38	Customer Service and Informational	1,588,594		
39	Sales			
40	Administrative and General	5,566,436		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	14,794,256		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission	248,904		

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Y	Year/Period of Report
Interstate Power and Light Company WP Ex 1.01-37	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	1,212,765		
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	1,461,669		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	28,353		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)	250,138		
57	Distribution (Lines 36 and 48)	6,328,125		
58	Customer Accounts (Line 37)	2,494,279		
59	Customer Service and Informational (Line 38)	1,588,594		
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)	5,566,436		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	16,255,925	2,451,521	18,707,446
63	Other Utility Departments			
64	Operation and Maintenance	429,168	64,869	494,037
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	101,787,427	14,833,989	116,621,416
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	29,657,284	4,639,287	34,296,571
[illegible]	Gas Plant	3,400,103	531,391	3,931,494
	Other (provide details in footnote):	107,123	17,514	124,637
71	TOTAL Construction (Total of lines 68 thru 70)	33,164,510	5,188,192	38,352,702
72	Plant Removal (By Utility Departments)			
73	Electric Plant	2,124,835	325,377	2,450,212
74	Gas Plant	300,200	48,229	348,429
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,425,035	373,606	2,798,641
77	Other Accounts (Specify, provide details in footnote):			
78	Stores Clearing Expense	2,667,389	408,645	3,076,034
79	Other Deferred Debits	4,788,178	706,009	5,494,187
80	Misc. Non-Operating Exp	2,192,066	329,802	2,521,868
81	Non-Utility Plant Construction	973	94	1,067
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	9,648,606	1,444,550	11,093,156
	TOTAL SALARIES AND WAGES	147,025,578	21,840,337	168,865,915

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WP Ex11.01-S7

Mid American Energy

WP Ex11.01-S7 THIS FILIN	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
MidAmerican Energy Company	End of 2007/Q4

2/

WP Ex11.0R

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent MidAmerican Energy Company	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 666 Grand Avenue, Suite 500; P.O. Box 657, Des Moines, Iowa 50306-0657	
05 Name of Contact Person Thomas B. Specketer	06 Title of Contact Person Vice President and Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 666 Grand Avenue, Suite 500; P.O. Box 657, Des Moines, Iowa 50306-0657	

08 Telephone of Contact Person, *Including Area Code* (515) 281-2979	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* 12/31/2007

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
Thomas B. Specketer		
02 Title Vice President and Controller	Thomas B. Specketer	03/26/2008

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

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Name of Respondent WP Ex11.01-S7 MidAmerican Energy Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of ort *(Mo, Da, Yr)* 12/31/2007	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Thomas B. Specketer, Vice President and Controller
666 Grand Avenue, Suite 500, P.O. Box 657
Des Moines, Iowa 50306-0657

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Iowa - July 18, 1994

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Iowa - Electric and Gas
Illinois - Electric and Gas
South Dakota - Electric and Gas
Nebraska - Gas

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

2/7

Name of Respondent	This Report Is:	Date of Re... (Mo, Da, ...)	Year/Period of Report
MidAmerican Energy Company WP-EXH-01-07	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Residential					
2	9	111,711	10,812,284	34,556	3,233	0.0968
3	10	1,511,519	130,893,053	156,922	9,632	0.0866
4	11	1,304	65,893	44	29,636	0.0505
5	46	3,706	465,174	410	9,039	0.1255
6	51	24	1,086	14	1,714	0.0453
7	GBN	97	10,879	49	1,980	0.1122
8	GBS	53	8,298	39	1,359	0.1566
9	GEN	24	1,413	2	12,000	0.0589
10	GES	5	426	1	5,000	0.0852
11	GSN	121	4,336	7	17,286	0.0358
12	GWN	54	4,133	17	3,176	0.0765
13	MLD	57	2,473			0.0434
14	PLD	93	9,756	5	18,600	0.1049
15	PLN	4,563	559,709	373	12,233	0.1227
	PLS	1,647	160,897	163	10,104	0.0977
17	RAN	46,792	2,902,187	4,899	9,551	0.0620
18	RAS	45,101	3,314,059	4,689	9,618	0.0735
19	RBD	27,164	2,162,888	2,528	10,745	0.0796
20	RBN	1,011,719	81,478,810	108,928	9,288	0.0805
21	RBS	2,449,487	226,634,763	249,788	9,806	0.0925
22	RED	8,497	443,430	352	24,139	0.0522
23	REN	232,896	12,002,768	9,746	23,897	0.0515
24	RES	164,788	10,510,680	8,115	20,307	0.0638
25	RHN	4,632	326,650	622	7,447	0.0705
26	RHS	66,973	5,652,008	9,031	7,416	0.0844
27	RSD	220	14,755	17	12,941	0.0671
28	RSN	10,265	623,187	583	17,607	0.0607
29	RSS	127,693	9,139,778	6,944	18,389	0.0716
30	RWD	3,545	258,614	290	12,224	0.0730
31	RWN	175,647	12,521,995	13,877	12,657	0.0713
32	RWS	70,696	6,054,661	6,331	11,167	0.0856
33	TBS	218	19,374	20	10,900	0.0889
34	TES	29	1,742	1	29,000	0.0601
35	TSS	47	3,218	2	23,500	0.0685
36	Unbilled Revenue	75,874	5,190,913			0.0684
37	Misc. Adjustments		-486,863			
38	Total Residential	6,157,261	521,769,427	619,365	9,941	0.0847
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MidAmerican Energy Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Commercial					
2	22	335,244	29,005,292	16,171	20,731	0.0865
3	42	1,287,074	75,943,431	3,865	333,008	0.0590
4	46	8,812	888,140	630	13,987	0.1008
5	GBD	4,625	483,064	411	11,253	0.1044
6	GBN	404,167	28,572,384	20,234	19,975	0.0707
7	GBS	384,358	37,924,832	27,828	13,812	0.0987
8	GDD	19,408	1,217,893	122	159,082	0.0628
9	GDN	378,963	19,034,915	1,507	251,468	0.0502
10	GDS	847,851	55,654,119	5,073	167,130	0.0656
11	GED	477	34,108	32	14,906	0.0715
12	GEN	60,646	3,011,070	1,111	54,587	0.0496
13	GES	49,661	3,652,660	1,947	25,506	0.0736
14	GHD	5,019	247,157	20	250,950	0.0492
15	GHN	76,042	3,059,790	214	355,336	0.0402
	GHS	221,964	10,668,927	841	263,929	0.0481
17	GPN	753	37,099	2	376,500	0.0493
18	GPS	542	37,323	1	542,000	0.0689
19	GSD	90	3,565	4	22,500	0.0396
20	GSN	8,357	349,686	443	18,865	0.0418
21	GTS	11,182	728,047	7	1,597,429	0.0651
22	GUD	33	2,229	1	33,000	0.0675
23	GUN	224	13,410	3	74,667	0.0599
24	GUS	24,334	1,602,618	299	81,385	0.0659
25	GWD	68	3,859	13	5,231	0.0568
26	GWN	1,127	89,163	315	3,578	0.0791
27	HBS	9	1,093	2	4,500	0.1214
28	HFS	2,763	185,668	8	345,375	0.0672
29	HHS	4,443	189,204	4	1,110,750	0.0426
30	MLD	26	1,358			0.0522
31	PLD	923	90,590	17	54,294	0.0981
32	PLN	8,601	952,548	390	22,054	0.1107
33	PLS	8,857	858,744	404	21,923	0.0970
34	Unbilled Revenue	40,666	2,231,733			0.0549
35	Misc Adjustments		35,020			
36	Total	4,197,309	276,810,739	81,919	51,237	0.0659
37						
38						
39	Industrial					
40	22	9,696	555,361	21	461,714	0.0573
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Re	Year/Period of Report
MidAmerican Energy Company	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, 12/31/2007	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. rovide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page -301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	41	935,823	44,437,855	114	8,208,974	0.0475
2	42	45,438	2,553,452	24	1,893,250	0.0562
3	44	76,632	2,136,580	2	38,316,000	0.0279
4	46	41	3,343			0.0815
5	53	2,431,576	91,853,952	11	221,052,364	0.0378
6	CAP	8,675	407,296	1	8,675,000	0.0470
7	CJD	301,413	10,461,071	1	301,413,000	0.0347
8	CTE	164,705	4,401,655	1	164,705,000	0.0267
9	HGS	35,331	1,422,784	8	4,416,375	0.0403
10	HLN	4,612	212,876	2	2,306,000	0.0462
11	HMS	13,342	684,053	7	1,906,000	0.0513
12	LCL	37,710	1,899,386	1	37,710,000	0.0504
13	LED	1,939	87,501	2	969,500	0.0451
14	LEN	93,986	3,346,166	40	2,349,650	0.0356
15	LES	421,836	16,723,064	165	2,556,582	0.0396
	LHN	12,880	469,710	5	2,576,000	0.0365
	LHS	134,591	4,828,765	7	19,227,286	0.0359
18	LLD	25,976	1,311,068	13	1,998,154	0.0505
19	LLN	579,993	24,001,718	275	2,109,065	0.0414
20	LLS	1,154,570	54,388,983	510	2,263,863	0.0471
21	LOS	44,910	1,765,650	3	14,970,000	0.0393
22	LPC	35,230	1,673,574	2	17,615,000	0.0475
23	LPN	1,212,740	44,252,200	80	15,159,250	0.0365
24	LPS	804,776	33,334,102	70	11,496,800	0.0414
25	LRS	85,700	3,313,887	4	21,425,000	0.0387
26	LVD	99,904	3,853,120	3	33,301,333	0.0386
27	LXS	174,291	5,879,205	2	87,145,500	0.0337
28	PLD	50	5,365	2	25,000	0.1073
29	PLN	723	80,199	7	103,286	0.1109
30	PLS	422	40,847	3	140,667	0.0968
31	Negotiated Customer Credits		-1,302,983			
32	Unbilled Revenue	118,616	4,055,909			0.0342
33	Misc Adjustments		283,607			
34	Total Industrial	9,068,127	363,421,321	1,386	6,542,660	0.0401
35						
36						
37	Public Authority					
38	9	190	21,979	101	1,881	0.1157
39	10	1,221	103,266	145	8,421	0.0846
40	22	43,658	3,547,978	1,207	36,171	0.0813
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

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Name of Respondent	This Report Is:	Date of Re	Year/Period of Report
MidAmerican Energy Company (MP-Entity 01-84)	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Y 12/31/2007	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	41	67,414	3,207,746	21	3,210,190	0.0476
2	42	184,069	10,890,659	357	515,599	0.0592
3	45	10,963	905,178	1,145	9,575	0.0826
4	46	951	104,018	117	8,128	0.1094
5	53	69,831	2,857,479	1	69,831,000	0.0409
6	ABD	592	39,585	13	45,538	0.0669
7	ABN	19,024	1,031,262	431	44,139	0.0542
8	ABS	21,525	1,423,165	491	43,839	0.0661
9	ADN	34,959	1,666,569	101	346,129	0.0477
10	ADS	86,326	5,549,823	359	240,462	0.0643
11	ALD	980	57,685	1	980,000	0.0589
12	ALN	80,470	3,487,075	53	1,518,302	0.0433
13	ALS	185,319	9,464,637	127	1,459,205	0.0511
14	APN	66,956	2,546,108	13	5,150,462	0.0380
15	APS	183,053	8,114,145	23	7,958,826	0.0443
	ARN	260	14,186	1	260,000	0.0546
	ARS	16	3,418	1	16,000	0.2136
18	ATD	1,015	69,883	37	27,432	0.0689
19	ATN	1,070	81,672	372	2,876	0.0763
20	ATS	4,543	265,700	937	4,848	0.0585
21	AXS	20,398	776,669	1	20,398,000	0.0381
22	GBD	229	24,695	28	8,179	0.1078
23	GBN	46,202	3,288,362	2,771	16,673	0.0712
24	GBS	30,483	3,060,569	2,622	11,626	0.1004
25	GDD	778	48,676	5	155,600	0.0626
26	GDN	26,856	1,402,173	103	260,738	0.0522
27	GDS	29,271	2,030,182	195	150,108	0.0694
28	GED	13	1,036	2	6,500	0.0797
29	GEN	9,429	401,624	70	134,700	0.0426
30	GES	4,886	294,486	90	54,289	0.0603
31	GHN	2,833	109,664	6	472,167	0.0387
32	GHS	15,962	800,569	51	312,980	0.0502
33	GSD	7	453	2	3,500	0.0647
34	GSN	3,237	125,171	72	44,958	0.0387
35	GTS	7,301	464,461	1	7,301,000	0.0636
36	GUS	3,849	234,476	45	85,533	0.0609
37	GWD	1	109	1	1,000	0.1090
38	GWN	26	3,165	19	1,368	0.1217
39	LED	1,488	65,091	1	1,488,000	0.0437
40	LEN	23,954	942,195	15	1,596,933	0.0393
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

2/7

Name of Respondent	This Report Is:	Date of Re	Year/Period of Report
MidAmericaWPEnergyCompany	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Y 12/31/2007	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. rovide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page -301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	LES	65,776	2,989,280	44	1,494,909	0.0454
2	LHS	1,336	62,073	1	1,336,000	0.0465
3	LLN	13,231	636,210	14	945,071	0.0481
4	LLS	28,663	1,632,225	27	1,061,593	0.0569
5	LPN	4,184	162,565	1	4,184,000	0.0389
6	LPS	16,059	760,846	2	8,029,500	0.0474
7	LRS	471	45,188	1	471,000	0.0959
8	PLD	187	26,542	6	31,167	0.1419
9	PLN	1,684	209,093	218	7,725	0.1242
10	PLS	1,704	165,714	152	11,211	0.0973
11	RAN	705	42,393	63	11,190	0.0601
12	RAS	429	33,760	48	8,938	0.0787
13	RBD	13	976	1	13,000	0.0751
14	RBN	146	14,262	40	3,650	0.0977
15	RBS	857	98,908	281	3,050	0.1154
	RED		6			
	REN	44	2,555	3	14,667	0.0581
18	RES	11	649	1	11,000	0.0590
19	RHN	2	189	1	2,000	0.0945
20	RHS	1	73			0.0730
21	RSN	1	62			0.0620
22	RSS	104	5,979	3	34,667	0.0575
23	RWN	7	619	1	7,000	0.0884
24	RWS	1	337	3	333	0.3370
25	Unbilled Revenue	15,886	780,881			0.0492
26	Misc Adjustments		-4,638			
27	Total Public Authority	1,443,110	77,193,789	13,065	110,456	0.0535
28						
29						
30	Public Street/Highway Lighting					
31	43	29,255	3,320,759	85	344,176	0.1135
32	PLD	416	47,275	4	104,000	0.1136
33	SLN	25,393	3,180,017	205	123,868	0.1252
34	SLS	38,373	7,559,659	197	194,787	0.1970
35	Unbilled Revenue					
36	Misc Adustments		-910,339			
37	Total Public Street/Highway Light	93,437	13,197,371	491	190,299	0.1412
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Re (Mo, Da, Y	Year/Period of Report
MidAmerican Energy Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Interdepartmental Sales					
2	22	63	7,799	23	2,739	0.1238
3	42	4,179	302,256	4	1,044,750	0.0723
4	GBN	198	15,521	23	8,609	0.0784
5	GBS	55	8,465	29	1,897	0.1539
6	GDN	1,712	70,551	2	856,000	0.0412
7	GDS	656	39,479	2	328,000	0.0602
8	GSN	1	122	1	1,000	0.1220
9	LLN	8,771	391,993	3	2,923,667	0.0447
10	LRS	1,402	81,446	1	1,402,000	0.0581
11	PLN	5	526	1	5,000	0.1052
12	PLS	11	1,110			0.1009
13	Total Interdepartmental Sales	17,053	919,268	(89)	191,607	0.0539
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MidAmerican Energy Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	10,127,114	9,078,051
135	(581) Load Dispatching	1,408,250	1,288,126
136	(582) Station Expenses	3,673,911	3,543,284
137	(583) Overhead Line Expenses	5,139,960	5,032,813
138	(584) Underground Line Expenses	4,793,798	5,328,803
139	(585) Street Lighting and Signal System Expenses		74
140	(586) Meter Expenses	2,523,740	2,587,398
	(587) Customer Installations Expenses	1,582,144	1,110,588
142	(588) Miscellaneous Expenses	11,436,643	11,314,719
143	(589) Rents	963,301	1,135,823
144	TOTAL Operation (Enter Total of lines 134 thru 143)	41,648,861	40,419,679
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	195,929	178,910
147	(591) Maintenance of Structures		26,007
148	(592) Maintenance of Station Equipment	3,831,358	3,859,221
149	(593) Maintenance of Overhead Lines	53,122,642	31,564,685
150	(594) Maintenance of Underground Lines	4,217,966	4,115,677
151	(595) Maintenance of Line Transformers	88,900	38,003
152	(596) Maintenance of Street Lighting and Signal Systems	2,936,915	2,782,421
153	(597) Maintenance of Meters	619,948	522,263
154	(598) Maintenance of Miscellaneous Distribution Plant	135,422	52,256
155	TOTAL Maintenance (Total of lines 146 thru 154)	65,149,080	43,139,443
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	106,797,941	83,559,122
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,290,520	1,234,314
160	(902) Meter Reading Expenses	7,779,904	7,476,607
161	(903) Customer Records and Collection Expenses	14,254,909	13,972,648
162	(904) Uncollectible Accounts	5,789,933	5,741,196
163	(905) Miscellaneous Customer Accounts Expenses	309,674	484,674
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	29,424,940	28,909,439

Name of Respondent	This Report Is:	Date of Report (Mo, Da,	Year/Period of Report
MidAmerican Energy Company WI-EX191.01-07	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	33,429,584	32,361,239
169	(909) Informational and Instructional Expenses	816,940	562,375
170	(910) Miscellaneous Customer Service and Informational Expenses	266,561	281,045
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	34,513,085	33,204,659
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	6,229,209	5,454,050
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses	347,655	372,604
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	6,576,864	5,826,654
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	22,044,710	20,506,480
182	(921) Office Supplies and Expenses	24,475,559	21,214,588
183	(Less) (922) Administrative Expenses Transferred-Credit	590,948	543,128
184	(923) Outside Services Employed	2,410,021	2,335,945
185	(924) Property Insurance	796,809	1,243,850
186	(925) Injuries and Damages	5,494,603	4,683,337
187	(926) Employee Pensions and Benefits	38,097,558	41,820,167
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	3,339,801	2,818,923
190	(929) (Less) Duplicate Charges-Cr.	3,719,380	4,819,229
191	(930.1) General Advertising Expenses		
192	(930.2) Miscellaneous General Expenses	2,734,545	2,859,650
	(931) Rents	-2,991,692	-3,411,777
194	TOTAL Operation (Enter Total of lines 181 thru 193)	92,091,586	88,708,806
195	Maintenance		
196	(935) Maintenance of General Plant	2,868,812	3,109,501
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	94,960,398	91,818,307
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,218,392,921	1,087,831,781

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Name of Respondent	This Report Is:	Date of Re (Mo, Da,	Year/Period of Report
MidAmerican Energy Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	38,509,630		
4	Transmission	3,574,941		
5	Regional Market			
6	Distribution	26,321,485		
7	Customer Accounts	16,414,627		
8	Customer Service and Informational	20,138		
9	Sales	3,481,362		
10	Administrative and General	26,259,311		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	114,581,494		
12	Maintenance			
13	Production	18,663,290		
14	Transmission	957,356		
15	Regional Market			
16	Distribution	23,420,649		
17	Administrative and General	202,312		
18	TOTAL Maintenance (Total of lines 13 thru 17)	43,243,607		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	57,172,920		
21	Transmission (Enter Total of lines 4 and 14)	4,532,297		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	49,742,134		
24	Customer Accounts (Transcribe from line 7)	16,414,627		
25	Customer Service and Informational (Transcribe from line 8)	20,138		
26	Sales (Transcribe from line 9)	3,481,362		
27	Administrative and General (Enter Total of lines 10 and 17)	26,461,623		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	157,825,101	4,760,977	162,586,078
29	Gas			
30	Operation			
31	Production-Manufactured Gas	32,522		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	1,217,040		
34	Storage, LNG Terminaling and Processing	618,082		
35	Transmission			
36	Distribution	26,471,465		
37	Customer Accounts	14,720,361		
38	Customer Service and Informational	24,535		
39	Sales	716,807		
40	Administrative and General	6,114,711		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	49,915,523		
42	Maintenance			
43	Production-Manufactured Gas	5,078		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing	599,518		
47	Transmission			

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
MidAmerican Energy Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2007	End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	7,368,816		
49	Administrative and General	29,768		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	8,003,180		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	37,600		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	1,217,040		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru	1,217,600		
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)	33,840,281		
58	Customer Accounts (Line 37)	14,720,361		
59	Customer Service and Informational (Line 38)	24,535		
60	Sales (Line 39)	716,807		
61	Administrative and General (Lines 40 and 49)	6,144,479		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	57,918,703	1,747,185	59,665,888
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	215,743,804	6,508,162	222,251,966
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	27,503,690	829,681	28,333,371
69	Gas Plant	9,086,255	274,097	9,360,352
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	36,589,945	1,103,778	37,693,723
72	Plant Removal (By Utility Departments)			
73	Electric Plant	1,759,796		1,759,796
74	Gas Plant	776,645		776,645
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,536,441		2,536,441
77	Other Accounts (Specify, provide details in footnote):			
78	Other Income Accounts	7,030,622		7,030,622
79	Other Balance Sheet Accounts	10,249,588		10,249,588
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	17,280,210		17,280,210
	TOTAL SALARIES AND WAGES	272,150,400	7,611,940	279,762,340

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WP Ex11.01-S7

# of Customers for MidAmerican

Total Residential	2/4	619,365
Total Commercial	2/5	81,919
Total Industrial	2/6	1,386
Total Public Authority	2/8	13,065
Total Public Street/Highway Light	2/8	491
Total Interdepartmental Sales	2/9	89
		716,315

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WP Ex11.01-S7

Central Illinois Light Company

WP Ex11.01-S7

THIS FILING
Item 1: [X] An Initial (Original) Submission OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Central Illinois Light Company	End of 2007/Q4

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Central Illinois Light Company	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 300 Liberty Street, Peoria, IL 61602	
05 Name of Contact Person Bruce A. Steinke	06 Title of Contact Person Vice President & Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	

08 Telephone of Contact Person,*Including Area Code* (314) 554-2574	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Bruce A. Steinke	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice President & Controller	Bruce A. Steinke	/ /

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

3/2

Name of Respondent (WP Ex11.01-S7)	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Central Illinois Light Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Martin J. Lyons, Jr.
Vice President and Principal Accounting Officer
1901 Chouteau Avenue
St. Louis, MO 63103

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Illinois - April 11, 1913

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

The Respondent, operating in the State of Illinois, furnishes electric and gas service.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent Central Illinois Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, / /	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Residential	98,582	6,066,901	157,713	625	0.0615
2	Lg Res Time of Day	446	17,554	80	5,575	0.0394
3	Space Heating	25,321	1,323,898	22,566	1,122	0.0523
4	Outdoor Protective Lighting	175	19,343	4,788	37	0.1105
5	Unbilled	-92,681	-5,459,000			0.0589
6						
7						
8	Total (440) Residential Sales	31,843	1,968,696	185,147	172	0.0618
9						
10	Commercial General Service	85,082	5,936,492	20,138	4,225	0.0698
11	Outdoor Protective Lighting	439	57,491	2,361	186	0.1310
12	Intermediate Service	31,213	1,229,881	29	1,076,310	0.0394
13	Limited Off-Peak Service	1	3,092	227	4	3.0920
14	Unbilled	-112,357	-6,721,000			0.0598
15	Offsystem Sales-Commercial (477)					
	Total Commercial	4,378	505,956	22,755	192	0.1156
18	Industrial	394,717	30,471,313	81	4,873,049	0.0772
19	Offsystem Sales-Industrial (477)					
20	Unbilled	-99,120	-6,721,000			0.0678
21						
22	Total Industrial	295,597	23,750,313	81	3,649,346	0.0803
23						
24	Public Street/Highway Lighting	1,550	59,172	541	2,865	0.0382
25	Unbilled					
26						
27	Total Public Street/Highway	1,550	59,172	541	2,865	0.0382
28	Lighting					
29						
30	Delivery Services-Commercial					
31	Delivery Services-Unbilled		69,061	16		
32						
33	Total Delivery Services-Comm.		69,061	16		
34						
35	Delivery Services-Industrial		92,021	2		
36						
37	Total Delivery Services-Indust.		92,021	2		
38						
39	Residential BGS-1	1,934,472	98,598,064	185,147	10,448	0.0510
40	Residential BGS-1 - Unbilled	77,588	5,486,000			0.0707
41	TOTAL Billed	6,468,948	333,495,157	210,178	30,778	0.0516
42	Total Unbilled Rev.(See Instr. 6)	-77,327	-635,000	0	0	0.0082
43	TOTAL	6,391,621	332,860,157	210,178	30,411	0.0521

Name of Respondent: 01-S7 Central Illinois Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): / /	Year/Period of Report: End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	25,361	576,226
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	25,361	576,226
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	25,361	576,226
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	1,428,435	1,483,335
135	(581) Load Dispatching	996,806	907,940
136	(582) Station Expenses	424,751	652,993
137	(583) Overhead Line Expenses	959,643	756,961
138	(584) Underground Line Expenses	361,166	476,458
139	(585) Street Lighting and Signal System Expenses	237,952	243,469
140	(586) Meter Expenses	1,499,890	1,017,223
	(587) Customer Installations Expenses	519,903	352,117
142	(588) Miscellaneous Expenses	5,366,971	4,740,539
143	(589) Rents	265,026	267,805
144	TOTAL Operation (Enter Total of lines 134 thru 143)	12,060,543	10,898,840
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	631,439	761,743
147	(591) Maintenance of Structures	319,112	311,085
148	(592) Maintenance of Station Equipment	1,887,807	2,079,055
149	(593) Maintenance of Overhead Lines	7,469,631	9,519,785
150	(594) Maintenance of Underground Lines	937,029	1,148,120
151	(595) Maintenance of Line Transformers	35,798	25,663
152	(596) Maintenance of Street Lighting and Signal Systems	272,912	637,216
153	(597) Maintenance of Meters	3,880	5,591
154	(598) Maintenance of Miscellaneous Distribution Plant	590,884	640,654
155	TOTAL Maintenance (Total of lines 146 thru 154)	12,148,492	15,128,912
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	24,209,035	26,027,752
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	2,001	2,452
160	(902) Meter Reading Expenses	1,890,408	1,980,053
161	(903) Customer Records and Collection Expenses	5,596,991	5,779,124
162	(904) Uncollectible Accounts	4,378,000	-3,071,369
163	(905) Miscellaneous Customer Accounts Expenses	223,985	241,537
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	12,091,385	4,931,797

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Name of Respondent WP Ex11.01-S7 Central Illinois Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	33,737	
168	(908) Customer Assistance Expenses	102,709	217,089
169	(909) Informational and Instructional Expenses	303,021	570,122
170	(910) Miscellaneous Customer Service and Informational Expenses	434,334	231,060
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	873,801	1,018,271
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	188,406	230,570
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses	8,463	12,857
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	196,869	243,427
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	7,571,716	6,880,751
182	(921) Office Supplies and Expenses	2,818,838	2,683,689
183	(Less) (922) Administrative Expenses Transferred-Credit	287,781	238,716
184	(923) Outside Services Employed	5,382,076	4,978,672
185	(924) Property Insurance	545,882	501,051
186	(925) Injuries and Damages	2,737,756	2,771,006
187	(926) Employee Pensions and Benefits	8,354,060	7,566,312
188	(927) Franchise Requirements	1,504,396	799,395
189	(928) Regulatory Commission Expenses	1,271,724	1,069,270
190	(929) (Less) Duplicate Charges-Cr.	1,385,983	762,772
191	(930.1) General Advertising Expenses	404,625	465,797
192	(930.2) Miscellaneous General Expenses	358,083	510,098
	(931) Rents	2,474,871	2,493,486
194	TOTAL Operation (Enter Total of lines 181 thru 193)	31,750,263	29,718,039
195	Maintenance		
196	(935) Maintenance of General Plant	286,977	333,899
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	32,037,240	30,051,938
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	335,251,980	275,679,773

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Name of Respondent Central Illinois Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, \ / /	Year/Period of Report End of 2007/Q4

WP EXT.01-S7

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns ded. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation g substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	8,417		
4	Transmission	480,375		
5	Regional Market			
6	Distribution	5,975,745		
7	Customer Accounts	3,140,575		
8	Customer Service and Informational	115,620		
9	Sales	95,604		
10	Administrative and General	6,199,058		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	16,015,394		
12	Maintenance			
13	Production			
14	Transmission	258,923		
15	Regional Market			
16	Distribution	4,746,551		
17	Administrative and General	33,542		
18	TOTAL Maintenance (Total of lines 13 thru 17)	5,039,016		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	8,417		
21	Transmission (Enter Total of lines 4 and 14)	739,298		
[illegible]	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	10,722,296		
24	Customer Accounts (Transcribe from line 7)	3,140,575		
25	Customer Service and Informational (Transcribe from line 8)	115,620		
26	Sales (Transcribe from line 9)	95,604		
27	Administrative and General (Enter Total of lines 10 and 17)	6,232,600		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	21,054,410	919,617	21,974,027
29	Gas			
30	Operation			
31	Production-Manufactured Gas	782,863		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission	271,338		
36	Distribution	5,287,919		
37	Customer Accounts	2,647,376		
38	Customer Service and Informational	79,586		
39	Sales	9,853		
40	Administrative and General	1,484,815		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	10,563,750		
42	Maintenance			
43	Production-Manufactured Gas	122,905		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission	146,359		

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Name of Respondent WP Ex11.01-S7 Central Illinois Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, \ / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	3,255,054		
49	Administrative and General	36,553		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	3,560,871		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	905,768		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)	417,697		
57	Distribution (Lines 36 and 48)	8,542,973		
58	Customer Accounts (Line 37)	2,647,376		
59	Customer Service and Informational (Line 38)	79,586		
60	Sales (Line 39)	9,853		
61	Administrative and General (Lines 40 and 49)	1,521,368		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	14,124,621	434,045	14,558,666
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	35,179,031	1,353,662	36,532,693
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	8,670,975	670,324	9,341,299
	Gas Plant	5,584,326	431,706	6,016,032
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	14,255,301	1,102,030	15,357,331
72	Plant Removal (By Utility Departments)			
73	Electric Plant	503,809	9,765	513,574
74	Gas Plant	18,254	354	18,608
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	522,063	10,119	532,182
77	Other Accounts (Specify, provide details in footnote):			
78				
79	Other Work in Progress	6,677	193	6,870
80	Other Income & Deductions	210,983		210,983
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	217,660	193	217,853
	TOTAL SALARIES AND WAGES	50,174,055	2,466,004	52,640,059

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WP Ex11.01-S7

Central Illinois Public Service Company

WP Ex11.01-S7 THIS FILING
Item 1: ☒ An Initial (Original) Submission OR ☐ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Central Illinois Public Service Company	End of 2007/Q4

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WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Central Illinois Public Service Company	02 Year/Period of Report End of 2007/Q4
Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	
05 Name of Contact Person Bruce A. Steinke	06 Title of Contact Person Vice President & Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	

08 Telephone of Contact Person, *Including Area Code* (314) 554-2574	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Bruce A. Steinke	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice President & Controller	Bruce A. Steinke	/ /

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Central Illinois Public Service Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Martin J. Lyons, Jr.
Senior Vice President and Chief Accounting Officer of Ameren Corporation, the parent company of Central Illinois Public Service Company
1901 Chouteau Avenue, St. Louis, MO 63103

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Illinois - May 26, 1902

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

The respondent, operating in the state of Illinois, furnishes electric and gas service.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent WP Ex1.1.01-S7 Central Illinois Public Service Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. rovide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	1Residential Service	160,130	10,930,411	253,844	631	0.0683
2	1 Rider 5	81,648	3,764,875	56,871	1,436	0.0461
3	1T Time of Day Service	346	15,944	205	1,688	0.0461
4	13 Outdoor Lighting Residential	724	75,758	17,117	42	0.1046
5	Res RT SC1 Residential	4,127	177,099	3,111	1,327	0.0429
6	Private Area Lighting (5i/6i)	234	20,864	468	500	0.0892
7	Unbilled	-178,319	-10,585,000			0.0594
8	Total (440) Residential Sales	68,890	4,399,951	331,616	208	0.0639
9						
10	2B General -Small	43,857	3,903,499	30,030	1,460	0.0890
11	2b Comm. Space Heating Rider 8	3,518	209,181	1,165	3,020	0.0595
12	6T Time of Day Service	17,371	804,794	1,051	16,528	0.0463
13	SLP RT SC2 General Small	1,334	62,687	442	3,018	0.0470
14	13 Outdoor Lighting Commercial	1,645	159,408	7,744	212	0.0969
15	RT 9T Light & Power	-570,214	-32,054,241	2,525	-225,827	0.0562
	Light & Power Rt SC3	174	10,331	7	24,857	0.0594
	Large Power Rt SC4	454	22,767	3	151,333	0.0501
18	9T Rider 11Time of Day	689,918	36,558,241	829	832,229	0.0530
19	LLP RT 9B Rider 11	663,108	31,080,862	15	44,207,200	0.0469
20	9B Guaranteed Load Time of Day	-489,801	-24,787,762	23	-21,295,696	0.0506
21	Large General Service Number 3 (3	25,501	905,690	2,419	10,542	0.0355
22	General Service Number 3 (2i)	15,151	628,855	2,897	5,230	0.0415
23	Primary Service Number 4 (4i)	129,855	3,084,860	1,497	86,743	0.0238
24	Dusk to Dawn Number 6 (5i/6i)	831	61,252	198	4,197	0.0737
25	Cust Owned Lighting (6M)		799			
26	Contract Rate (7i)	19,589	512,433	35	559,686	0.0262
27	Unbilled	-314,668	-14,141,000			0.0449
28	Total (442) Commercial / Industri	237,623	7,022,656	50,880	4,670	0.0296
29						
30	Municipal Contract	4,807	388,290	561	8,569	0.0808
31	Other					
32	Unbilled	-4,416	-362,000			0.0820
33	Total (444) Public Street / Highw	391	26,290	561	697	0.0672
34						
35	10 Municipal Pumping - General	7,332	386,879	2,420	3,030	0.0528
36	Miscellaneous	4	355	30	133	0.0888
37	Unbilled	-10,440	-543,000			0.0520
38						
39	Total (445) Sales to Public Autho	-3,104	-155,766	2,450	-1,267	0.0502
40						
41	TOTAL Billed	12,585,015	645,668,235	387,776	32,454	0.0513
42	Total Unbilled Rev.(See Instr. 6)	172,551	15,617,000	0	0	0.0905
43	TOTAL	12,757,566	661,285,235	387,776	32,899	0.0518

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Name of Respondent WP Ex11.01-S7 Central Illinois Public Service Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	114,336	1,331,282
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	114,336	1,331,282
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	114,336	1,331,282
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	3,859,297	4,032,233
135	(581) Load Dispatching	1,227,175	1,085,356
136	(582) Station Expenses	1,136,800	971,483
137	(583) Overhead Line Expenses	1,353,073	1,561,133
138	(584) Underground Line Expenses	710,663	743,463
139	(585) Street Lighting and Signal System Expenses	476,860	446,176
140	(586) Meter Expenses	2,843,285	3,968,760
	(587) Customer Installations Expenses	3,105,901	2,863,982
142	(588) Miscellaneous Expenses	6,920,090	4,880,605
143	(589) Rents	126,803	116,579
144	TOTAL Operation (Enter Total of lines 134 thru 143)	21,759,947	20,669,770
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	1,139,669	1,283,832
147	(591) Maintenance of Structures	501,537	478,927
148	(592) Maintenance of Station Equipment	7,135,481	6,046,663
149	(593) Maintenance of Overhead Lines	27,099,991	21,818,233
150	(594) Maintenance of Underground Lines	1,022,987	968,190
151	(595) Maintenance of Line Transformers	360,493	325,370
152	(596) Maintenance of Street Lighting and Signal Systems	809,115	747,791
153	(597) Maintenance of Meters	344,229	246,740
154	(598) Maintenance of Miscellaneous Distribution Plant	1,066,126	1,042,816
155	TOTAL Maintenance (Total of lines 146 thru 154)	39,479,628	32,958,562
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	61,239,575	53,628,332
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	3,783	14,017
160	(902) Meter Reading Expenses	3,981,834	3,845,433
161	(903) Customer Records and Collection Expenses	8,716,470	8,326,451
162	(904) Uncollectible Accounts	8,766,000	267,085
163	(905) Miscellaneous Customer Accounts Expenses	302,592	350,812
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	21,770,679	12,803,798

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Name of Respondent WP Ex11.01-S7 Central Illinois Public Service Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, \ / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	59,392	13,895
168	(908) Customer Assistance Expenses	65,617	320,603
169	(909) Informational and Instructional Expenses	302,359	465,880
170	(910) Miscellaneous Customer Service and Informational Expenses	489,388	520,285
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	916,756	1,320,663
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		6,836
175	(912) Demonstrating and Selling Expenses	260,450	537,576
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses	17,488	24,724
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	277,938	569,136
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	11,787,365	10,760,350
182	(921) Office Supplies and Expenses	5,419,040	5,987,230
183	(Less) (922) Administrative Expenses Transferred-Credit	473,829	346,818
184	(923) Outside Services Employed	5,653,325	4,272,238
185	(924) Property Insurance	774,382	696,985
186	(925) Injuries and Damages	4,723,490	1,994,828
187	(926) Employee Pensions and Benefits	8,570,858	9,327,733
188	(927) Franchise Requirements	516,355	141,161
189	(928) Regulatory Commission Expenses	1,877,687	1,862,264
190	(929) (Less) Duplicate Charges-Cr.	171,508	137,696
191	(930.1) General Advertising Expenses	394,833	397,506
192	(930.2) Miscellaneous General Expenses	640,651	653,048
	(931) Rents	4,083,153	3,700,902
194	TOTAL Operation (Enter Total of lines 181 thru 193)	43,795,802	39,309,731
195	Maintenance		
196	(935) Maintenance of General Plant	-3,851,937	454,803
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	39,943,865	39,764,534
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	658,410,957	586,082,135

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Name of Respondent	This Report Is:	Date of Re	Year/Period of Report
WP Ex11.01-S7 Central Illinois Public Service Company	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da,) / /	End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	1,177,631		
5	Regional Market			
6	Distribution	11,135,702		
7	Customer Accounts	5,666,365		
8	Customer Service and Informational	99,240		
9	Sales	141,461		
10	Administrative and General	10,458,251		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	28,678,650		
12	Maintenance			
13	Production			
14	Transmission	1,168,647		
15	Regional Market			
16	Distribution	13,691,021		
17	Administrative and General	93,703		
18	TOTAL Maintenance (Total of lines 13 thru 17)	14,953,371		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)			
21	Transmission (Enter Total of lines 4 and 14)	2,346,278		
22	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	24,826,723		
24	Customer Accounts (Transcribe from line 7)	5,666,365		
25	Customer Service and Informational (Transcribe from line 8)	99,240		
26	Sales (Transcribe from line 9)	141,461		
27	Administrative and General (Enter Total of lines 10 and 17)	10,551,954		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	43,632,021	1,985,698	45,617,719
29	Gas			
30	Operation			
31	Production-Manufactured Gas	1,019,609		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission	193,508		
36	Distribution	8,599,911		
37	Customer Accounts	2,677,418		
38	Customer Service and Informational	45,869		
39	Sales	21,847		
40	Administrative and General	1,963,297		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	14,521,459		
42	Maintenance			
43	Production-Manufactured Gas	121,645		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission	79,286		

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Name of Respondent WP Ex11.01-S7 Central Illinois Public Service Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, \ / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	2,486,008		
49	Administrative and General	207,021		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	2,893,960		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	1,141,254		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)	272,794		
57	Distribution (Lines 36 and 48)	11,085,919		
58	Customer Accounts (Line 37)	2,677,418		
59	Customer Service and Informational (Line 38)	45,869		
60	Sales (Line 39)	21,847		
61	Administrative and General (Lines 40 and 49)	2,170,318		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	17,415,419	333,041	17,748,460
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	61,047,440	2,318,739	63,366,179
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	16,917,687	1,099,901	18,017,588
70	Gas Plant	3,014,904	196,014	3,210,918
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	19,932,591	1,295,915	21,228,506
72	Plant Removal (By Utility Departments)			
73	Electric Plant	2,379,668	22,680	2,402,348
74	Gas Plant	24,362	233	24,595
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,404,030	22,913	2,426,943
77	Other Accounts (Specify, provide details in footnote):			
78	Other Work in Progress	18,086	284	18,370
79	Other Income & Deductions	288,133		288,133
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	306,219	284	306,503
	TOTAL SALARIES AND WAGES	83,690,280	3,637,851	87,328,131

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WP Ex11.01-S7

Commonwealth Edison

WP Ex11.01-S7

THIS FILING
Item 1: [X] An Initial (Original) Submission OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Commonwealth Edison Company	End of 2007/Q4

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Commonwealth Edison Company	02 Year/Period of Report End of 2007/Q4
Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 440 South LaSalle Street, Chicago, Illinois 60605-1028	
05 Name of Contact Person Kevin J. Waden	06 Title of Contact Person Dir of Acctng & Fin Reporting
07 Address of Contact Person *(Street, City, State, Zip Code)* Three Lincoln Centre, Oakbrook Terrace, Illinois 60181-4260	

08 Telephone of Contact Person, *Including Area Code* (630) 437-2337	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Robert K. McDonald	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title SVP, CFO, Treasurer and CRO	Robert K. McDonald	04/10/2008

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

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Name of Respondent WP Ex11 01-S7 Commonwealth Edison Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Matthew R. Galvanoni
Vice President and Controller
Three Lincoln Centre
Oakbrook Terrace, Illinois 60181-4260

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Illinois - organized on October 17, 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company. The latter had been incorporated on September 17, 1907.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable.

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric Utility services in the State of Illinois.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

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Name of Respondent WP Ex11.01-S7 Commonwealth Edison Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	(440) Residential Sales					
2	BES R - Residential	26,904,616	2,936,898,672	3,230,144	8,329	0.1092
3	BES R - Residential-Space Heat	2,510,147	186,328,229	188,738	13,300	0.0742
4	BES H - Hourly	11,866	1,053,457	1,639	7,240	0.0888
5	BES L - Outdoor Lighting	7,076	1,913,543	9,022	784	0.2704
6	Unbilled Revenue	-59,439	34,888,854			-0.5870
7	TOTAL	29,374,266	3,161,082,755	3,429,543	8,565	0.1076
8						
9	(442) Commercial/Industrial Sales					
10	BES NRB - Blended	15,483,200	1,458,106,669	295,938	52,319	0.0942
11	BES NRA - Annual	2,110,403	236,085,090	887	2,379,259	0.1119
12	BES H - Hourly	1,677,282	108,490,812	376	4,460,856	0.0647
13	BES L - Outdoor Lighting	108,670	11,321,614	29,872	3,638	0.1042
14	RDS - Delivery Service	42,941,669	519,205,280	40,400	1,062,913	0.0121
15	Unbilled Revenue	597,394	-22,291,949			-0.0373
	TOTAL	62,918,618	2,310,917,516	367,473	171,220	0.0367
18	(444) Public Street & Highway Lig					
19	BES L - Outdoor Lighting	705,316	60,895,155	5,088	138,623	0.0863
20	Unbilled Revenue	16,217	2,478,610			0.1528
21	TOTAL	721,533	63,373,765	5,088	141,811	0.0878
22						
23	(445) Other Sales to Public Auth					
24	BES NRB - Blended	63,196	4,053,286	26	2,430,615	0.0641
25	BES NRA - Annual	6,457	708,594	1	6,457,000	0.1097
26	BES L - Outdoor Lighting	21	105,244	5	4,200	5.0116
27	RDS - Delivery Service	768	14,398	2	384,000	0.0187
28	Unbilled Revenue	-42,594	-2,387,546			0.0561
29	TOTAL	27,848	2,493,976	34	819,059	0.0896
30						
31	(446) Sales to Railroads & Railwa					
32	BES RR	515,076	6,298,969	2	257,538,000	0.0122
33	Unbilled Revenue	19,755	-879,111			-0.0445
34	TOTAL	534,831	5,419,858	2	267,415,500	0.0101
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	93,045,763	5,531,479,012	3,802,140	24,472	0.0594
42	Total Unbilled Rev.(See Instr. 6)	531,333	11,808,858	0	0	0.0222
43	TOTAL	93,577,096	5,543,287,870	3,802,140	24,612	0.0592

Name of Respondent WP EX11.01-S7 Commonwealth Edison Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	407,181	3,167,469
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	407,181	3,167,469
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	407,181	3,167,469
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	16,067,986	19,382,127
135	(581) Load Dispatching	27,985	39,020
136	(582) Station Expenses	2,862,124	3,006,613
137	(583) Overhead Line Expenses	9,241,400	8,683,302
138	(584) Underground Line Expenses	14,102,892	14,913,950
139	(585) Street Lighting and Signal System Expenses	721,567	628,090
140	(586) Meter Expenses	7,727,976	7,295,036
	(587) Customer Installations Expenses	22,351,885	17,697,343
142	(588) Miscellaneous Expenses	11,449,903	7,372,524
143	(589) Rents	399,352	714,900
144	TOTAL Operation (Enter Total of lines 134 thru 143)	84,953,070	79,732,905
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	7,582,070	9,458,619
147	(591) Maintenance of Structures	1,557,063	202,723
148	(592) Maintenance of Station Equipment	60,983,426	57,833,766
149	(593) Maintenance of Overhead Lines	149,036,537	114,935,465
150	(594) Maintenance of Underground Lines	43,829,388	35,099,752
151	(595) Maintenance of Line Transformers	3,772,207	3,382,220
152	(596) Maintenance of Street Lighting and Signal Systems	4,636,760	4,027,342
153	(597) Maintenance of Meters	474,421	430,806
154	(598) Maintenance of Miscellaneous Distribution Plant	15,635,888	10,486,462
155	TOTAL Maintenance (Total of lines 146 thru 154)	287,507,760	235,857,155
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	372,460,830	315,590,060
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	419,181	623,915
160	(902) Meter Reading Expenses	33,825,388	29,071,798
161	(903) Customer Records and Collection Expenses	120,610,588	100,156,711
162	(904) Uncollectible Accounts	58,485,629	33,021,031
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	213,340,786	162,873,455

Name of Respondent WP EX11.01-S7 Commonwealth Edison Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	10,421,364	11,544,189
169	(909) Informational and Instructional Expenses	7,671,041	4,854,601
170	(910) Miscellaneous Customer Service and Informational Expenses		
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	18,092,405	16,398,790
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	40,523,058	23,705,562
182	(921) Office Supplies and Expenses	11,471,533	20,346,862
183	(Less) (922) Administrative Expenses Transferred-Credit	16,116,771	16,452,638
184	(923) Outside Services Employed	180,502,291	173,989,979
185	(924) Property Insurance	1,000,610	1,020,902
186	(925) Injuries and Damages	14,565,434	16,208,815
187	(926) Employee Pensions and Benefits	115,712,143	84,071,540
188	(927) Franchise Requirements	43,525,681	31,998,164
189	(928) Regulatory Commission Expenses	4,603,497	8,657,033
190	(929) (Less) Duplicate Charges-Cr.	43,452,061	32,032,526
191	(930.1) General Advertising Expenses	1,791,585	5,449,830
192	(930.2) Miscellaneous General Expenses	15,873,496	-183,087,899
	(931) Rents	19,689,587	31,234,682
194	TOTAL Operation (Enter Total of lines 181 thru 193)	389,690,083	165,110,306
195	Maintenance		
196	(935) Maintenance of General Plant	20,198,832	17,227,748
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	409,888,915	182,338,054
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	4,845,629,224	4,088,748,573

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Name of Respondent WP EXT.01-S7 Commonwealth Edison Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	11,302,949		
5	Regional Market			
6	Distribution	34,930,100		
7	Customer Accounts	85,366,508		
8	Customer Service and Informational	3,277,478		
9	Sales			
10	Administrative and General	33,256,447		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	168,133,482		
12	Maintenance			
13	Production			
14	Transmission	15,597,584		
15	Regional Market			
16	Distribution	115,387,823		
17	Administrative and General	1,646,331		
18	TOTAL Maintenance (Total of lines 13 thru 17)	132,631,738		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)			
21	Transmission (Enter Total of lines 4 and 14)	26,900,533		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	150,317,923		
24	Customer Accounts (Transcribe from line 7)	85,366,508		
25	Customer Service and Informational (Transcribe from line 8)	3,277,478		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	34,902,778		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	300,765,220	37,655,875	338,421,095
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

5/7

Name of Respondent WP Ex11.01-S7 Commonwealth Edison Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	300,765,220	37,655,875	338,421,095
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	164,925,392	54,340,029	219,265,421
	Gas Plant			
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	164,925,392	54,340,029	219,265,421
72	Plant Removal (By Utility Departments)			
73	Electric Plant	9,794,935	3,880,337	13,675,272
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	9,794,935	3,880,337	13,675,272
77	Other Accounts (Specify, provide details in footnote):			
78	Accounts Receivable (primarily amounts billed to 3rd parties)	1,177,480	35,452	1,212,932
79	Stores Expense Undistributed	9,893,570	-9,893,570	
80	Clearing Accounts	86,018,132	-86,018,132	
81	Miscellaneous	2,440,614	9	2,440,623
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	99,529,796	-95,876,241	3,653,555
	TOTAL SALARIES AND WAGES	575,015,343		575,015,343

5/8

WP Ex11.01-S7

Illinois Power Company

WP Ex11.01-S7 THIS FILING
Item 1: [X] An Initial (Original) Submission OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Illinois Power Company	End of 2006/Q4

6/1

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Illinois Power Company	02 Year/Period of Report End of 2006/Q4
Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 370 South Main Street, Decatur, IL 62523	
05 Name of Contact Person Martin J. Lyons, Jr.	06 Title of Contact Person Vice President and Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, Saint Louis, MO 63103	

08 Telephone of Contact Person, *Including Area Code* (314) 554-2982	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Martin J. Lyons, Jr.	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice President and Controller	Martin J. Lyons, Jr.	04/10/2007

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent Illinois Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2006/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Martin J. Lyons, Jr.
Vice President and Controller
1901 Chouteau Avenue
St. Louis, Mo. 63103

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Illinois - May 25, 1923

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric and gas utility services in Illinois

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

4/3

Name of Respondent WP Ex11.01-S7 Illinois Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rer (Mo, Da, Y / /	Year/Period of Report End of 2006/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Revenue Account 440					
2	Service Class 2	5,598,903	433,153,745	509,296	10,993	0.0774
3	Service Class 3	62,508	3,364,108	1,555	40,198	0.0538
4	Service Class 13					
5	Service Class 39	29,150	2,611,881	31,695	920	0.0896
6	Unbilled	-32,507	-2,793,880			0.0859
7	Total	5,658,054	436,335,854	542,546	10,429	0.0771
8						
9	Revenue Account 442					
10	Service Class ECS					
11	Service Class 8					
12	Service Class 10	236,677	28,687,315	28,095	8,424	0.1212
13	Service Class 11	2,420,743	190,611,403	21,184	114,272	0.0787
14	Service Class 12	88,106	6,185,295	232	379,767	0.0702
15	Service Class 13	41,860	2,727,360	4,217	9,926	0.0652
	Service Class 14	62,050	5,545,850	211	294,076	0.0894
17	Service Class 15	42,955	4,672,654	700	61,364	0.1088
18	Service Class 19	1,287,522	90,248,159	700	1,839,317	0.0701
19	Service Class 21	1,054,885	61,767,996	77	13,699,805	0.0586
20	Service Class 22	124,703	9,738,723	7	17,814,714	0.0781
21	Service Class 24	3,942,773	181,650,191	63	62,583,698	0.0461
22	Service Class 26	262,154	9,426,885	7	37,450,571	0.0360
23	Service Class 35	208,064	6,345,766	1	208,064,000	0.0305
24	Service Class 39	75,796	8,332,158	11,367	6,668	0.1099
25	Service Class URC					
26	Service Class URI	148,963	6,316,786	1	148,963,000	0.0424
27	Service Class SPC					
28	Service Class URM					
29	Service Class 110					
30	Unbilled	147,525	6,373,880			0.0432
31	Total	10,144,776	618,630,421	66,862	151,727	0.0610
32						
33	Revenue Account 444					
34	Service Class 45	105,368	7,580,694	353	298,493	0.0719
35	Total	105,368	7,580,694	353	298,493	0.0719
36						
37	Revenue Account 445					
38	Rate 39	1,556	164,792	325	4,788	0.1059
39	Rate 10	133	14,367	20	6,650	0.1080
40	Rate 11	55	7,092	5	11,000	0.1289
41	TOTAL Billed	18,429,256	1,109,515,877	616,239	29,906	0.0602
42	Total Unbilled Rev.(See Instr. 6)	115,018	3,580,000	0	0	0.0311
43	TOTAL	18,544,274	1,113,095,877	616,239	30,093	0.0600

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Name of Respondent: WP Ex11.01-S7 Illinois Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y): / /	Year/Period of Report: End of 2006/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	2,252,362	
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	2,252,362	
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	2,252,362	
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	3,915,037	3,102,752
135	(581) Load Dispatching	2,348,004	1,831,392
136	(582) Station Expenses	594,933	972,449
137	(583) Overhead Line Expenses	5,336,638	3,733,595
138	(584) Underground Line Expenses	2,209,867	1,240,174
139	(585) Street Lighting and Signal System Expenses	391,913	310,573
140	(586) Meter Expenses	6,945,989	6,203,555
	(587) Customer Installations Expenses	175,861	13,300
142	(588) Miscellaneous Expenses	9,360,295	9,581,859
143	(589) Rents	90,339	30,942
144	TOTAL Operation (Enter Total of lines 134 thru 143)	31,368,876	27,020,591
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	1,794,225	1,911,030
147	(591) Maintenance of Structures	300,577	130,582
148	(592) Maintenance of Station Equipment	7,271,359	5,801,936
149	(593) Maintenance of Overhead Lines	45,290,001	30,683,438
150	(594) Maintenance of Underground Lines	1,579,573	1,705,753
151	(595) Maintenance of Line Transformers	371,665	667,781
152	(596) Maintenance of Street Lighting and Signal Systems	1,601,948	910,270
153	(597) Maintenance of Meters	127,848	327,773
154	(598) Maintenance of Miscellaneous Distribution Plant	1,791,663	467,340
155	TOTAL Maintenance (Total of lines 146 thru 154)	60,128,859	42,605,903
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	91,497,735	69,626,494
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	15,720	389,463
160	(902) Meter Reading Expenses	7,065,186	5,437,306
161	(903) Customer Records and Collection Expenses	10,983,933	6,940,415
162	(904) Uncollectible Accounts	1,439,722	6,098,714
163	(905) Miscellaneous Customer Accounts Expenses	645,956	307,504
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	20,150,517	19,173,402

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Name of Respondent: WP Ex11.01-S7 Illinois Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y): / /	Year/Period of Report: End of 2006/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	39,896	105,826
168	(908) Customer Assistance Expenses	392,572	393,983
169	(909) Informational and Instructional Expenses	864,208	771,796
170	(910) Miscellaneous Customer Service and Informational Expenses	32,906	78,491
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	1,329,582	1,350,096
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		63
175	(912) Demonstrating and Selling Expenses	543,357	383,640
176	(913) Advertising Expenses		754
177	(916) Miscellaneous Sales Expenses	1,086,714	768,914
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	560,834	386,616
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	19,774,415	27,728,338
182	(921) Office Supplies and Expenses	7,499,405	10,035,942
183	(Less) (922) Administrative Expenses Transferred-Credit	928,257	3,739,438
184	(923) Outside Services Employed	10,705,114	8,401,298
185	(924) Property Insurance	1,293,206	851,725
186	(925) Injuries and Damages	6,883,423	3,204,857
187	(926) Employee Pensions and Benefits	7,324,915	11,558,108
188	(927) Franchise Requirements	9,014,644	9,259,831
189	(928) Regulatory Commission Expenses	3,352,964	2,012,582
190	(929) (Less) Duplicate Charges-Cr.	9,011,714	9,259,831
191	(930.1) General Advertising Expenses	844,816	945,132
192	(930.2) Miscellaneous General Expenses	3,408,809	3,152,509
193	(931) Rents	120,323,480	128,302,106
194	TOTAL Operation (Enter Total of lines 181 thru 193)	66,865,213	66,515,477
195	Maintenance		
196	(935) Maintenance of General Plant	240,646,960	256,604,212
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	1,099,178,683	1,039,978,893
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	925,721,377	850,535,695

6/6

Name of Respondent WP Ex11.01-S7 Illinois Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y / /	Year/Period of Report End of 2006/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	2,807		
4	Transmission	1,091,237		
5	Regional Market			
6	Distribution	16,270,177		
7	Customer Accounts	7,888,565		
8	Customer Service and Informational	40,090		
9	Sales	309,302		
10	Administrative and General	14,846,651		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	40,448,829		
12	Maintenance			
13	Production			
14	Transmission	642,430		
15	Regional Market			
16	Distribution	16,816,078		
17	Administrative and General	195,393		
18	TOTAL Maintenance (Total of lines 13 thru 17)	17,653,901		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	2,807		
21	Transmission (Enter Total of lines 4 and 14)	1,733,667		
	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	33,086,255		
24	Customer Accounts (Transcribe from line 7)	7,888,565		
25	Customer Service and Informational (Transcribe from line 8)	40,090		
26	Sales (Transcribe from line 9)	309,302		
27	Administrative and General (Enter Total of lines 10 and 17)	15,042,044		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	58,102,730	2,010,342	60,113,072
29	Gas			
30	Operation			
31	Production-Manufactured Gas	1,848,368		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission	188,305		
36	Distribution	11,866,828		
37	Customer Accounts	5,121,044		
38	Customer Service and Informational	9,944		
39	Sales	24,679		
40	Administrative and General	2,824,304		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	21,883,472		
42	Maintenance			
43	Production-Manufactured Gas	165,937		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission	434,233		

6/7

Name of Respondent WP Ex11.01-S7 Illinois Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re... (Mo, Da, Y...) / /	Year/Period of Report End of 2006/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	4,552,705		
49	Administrative and General	134,633		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	5,287,508		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	2,014,305		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)	622,538		
57	Distribution (Lines 36 and 48)	16,419,533		
58	Customer Accounts (Line 37)	5,121,044		
59	Customer Service and Informational (Line 38)	9,944		
60	Sales (Line 39)	24,679		
61	Administrative and General (Lines 40 and 49)	2,958,937		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	27,170,980	697,455	27,868,435
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	85,273,710	2,707,797	87,981,507
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	27,248,932	2,747,307	29,996,239
[illegible]	Gas Plant	10,681,153	1,076,901	11,758,054
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	37,930,085	3,824,208	41,754,293
72	Plant Removal (By Utility Departments)			
73	Electric Plant	3,359,302	82,017	3,441,319
74	Gas Plant	60,960	1,488	62,448
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	3,420,262	83,505	3,503,767
77	Other Accounts (Specify, provide details in footnote):			
78	Other Work In Progress	259,422	6,658	266,080
79	Other Income & Deductions	301,560		301,560
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	560,982	6,658	567,640
	TOTAL SALARIES AND WAGES	127,185,039	6,622,168	133,807,207

6/8

WP Ex11.01-S7

Duke Energy Indiana

WP Ex11.01-S7

THIS FILING is
Item 1: ☐ An Initial (Original) Submission OR ☒ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Duke Energy Indiana, Inc	End of 2007/Q4

7/1

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent	02 Year/Period of Report
Duke Energy Indiana, Inc	End of 2007/Q4

03 Previous Name and Date of Change *(if name changed during year)*
/ /

04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)*
1000 East Main Street, Plainfield, Indiana 46168

05 Name of Contact Person	06 Title of Contact Person
Misty Roddey	Accounting Manager

07 Address of Contact Person *(Street, City, State, Zip Code)*
526 South Church Street, Charlotte, NC 28202

08 Telephone of Contact Person, *Including Area Code*	09 This Report Is	10 Date of Report *(Mo, Da, Yr)*
(704) 373-5872	(1) ☐ An Original (2) ☒ A Resubmission	05/23/2008

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
David L. Hauser		
02 Title: Group Executive & CFO	David L. Hauser	/ /

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

7/2

Name of Respondent WP Ex11.01-S7 Duke Energy Indiana, Inc	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, Yr) 05/23/2008	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Corporate Books:
Steven K. Young, Senior Vice President & Controller
526 South Church Street
Charlotte, NC 28202

Other Corporate Books of Account:
139 East Fourth Street, Rm 202
Cincinnati, OH 45202

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Indiana
Date of Incorporation - September 6, 1941 (Incorporation date of predecessor company PSI energy, Inc.)

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

State of Indiana

The Company supplies processed steam to one customer in Indiana.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) ☐ Yes...Enter the date when such independent accountant was initially engaged:
(2) ☒ No

Name of Respondent WP EXT1.01-S7 Duke Energy Indiana, Inc	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rer (Mo, Da, Y 05/23/2008	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Rate RS - Residential, Res. with					
2	heat, Farm Services and					
3	Farm Services with heat	8,420,184	669,130,633	629,019	13,386	0.0795
4	Rate RS - Opt High Efficiency	949,316	63,677,778	42,658	22,254	0.0671
5	Rate HLF - High Load Factor Serv	-2,984	-197,066			0.0660
6	Rate LLF - Low Load Factor Serv.	2,563	195,726	39	65,718	0.0764
7	Rate UOLS - Unmet. Outdr.Light.	1,306	63,904	32	40,813	0.0489
8	Rate MOLS - Met. Outdr. Light.	1	152	1	1,000	0.1520
9	Rate OL - Outdoor Lighting	25,114	2,967,443			0.1182
10	Subtotal (440) Billed Residential	9,395,500	735,838,570	671,749	13,987	0.0783
11	Change in Unbilled Sales	23,114	1,256,000			0.0543
12						
13	Total (440) Residential Sales	9,418,614	737,094,570	671,749	14,021	0.0783
14						
15	Rate RS - Residential, Res, with					
	Heat, Farm Serv and Farm Serv wit	-88	-6,545			0.0744
17	Rate CS - Comm. and Comm.					
18	with heat	1,149,174	87,019,233	64,392	17,847	0.0757
19	Rate LLF - Low Load Factor Serv.	2,691,995	190,662,315	20,797	129,442	0.0708
20	Rate HLF - High Load Factor Serv.	11,437,789	570,700,266	4,562	2,507,187	0.0499
21	Rate OL - Outdoor Lighting	61,704	5,711,995			0.0926
22	Rate UOLS - Unmet. Outdr. Light.	7,051	346,435	325	21,695	0.0491
23	Rate MOLS - Met. Outdr. Light.	348	14,972	21	16,571	0.0430
24	Rate WP - Water Pumping	17,479	1,014,672	191	91,513	0.0581
25	Rate LLF - Opt. High Efficiency	275,456	14,716,437	244	1,128,918	0.0534
26	Rate CS - Opt. High Efficiency	6,838	382,020	64	106,844	0.0559
27	Rate MS - Metered Traffic&Flasher	133	13,654	41	3,244	0.1027
28	Rate AL - Area Lighting	5,795	1,176,060	308	18,815	0.2029
29	Rate CS - Fiber Optic Cable	1	172	1	1,000	0.1720
30	Rate SL - Pub. Str. Lgt.	3,805	819,981	571	6,664	0.2155
31	Rate TS - Traffic Sig. Serv.	212	13,653	20	10,600	0.0644
32	Rate FS - Flasher Sig. Serv.	4	403	4	1,000	0.1008
33	Misc. Rates & Contracts	1,438,179	41,934,146	6	239,696,500	0.0292
34	Misc Rates & Contracts	794,671	42,453,537			0.0534
35						
36	Subtotal (442) Billed Com.- Ind.	17,890,546	956,973,406	91,547	195,425	0.0535
37	Change in Unbilled Sales	39,889	403,000			0.0101
38						
39	Total (442) Comm. - Indus. Sale	17,930,435	957,376,406	91,547	195,860	0.0534
40						
41	TOTAL Billed	29,669,227	1,836,281,915	773,954	38,335	0.0619
42	Total Unbilled Rev.(See Instr. 6)	64,979	1,598,000	0	0	0.0246
43	TOTAL	29,734,206	1,837,879,915	773,954	38,419	0.0618

7/4

Name of Respondent WP_EXT1.01-S7 Duke Energy Indiana, Inc	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rep (Mo, Da, Y 05/23/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	7,031,872	-59,325
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	7,031,872	-59,325
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	7,031,872	-59,325
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	1,145,382	1,879,453
135	(581) Load Dispatching	3,543,620	3,201,370
136	(582) Station Expenses	1,518,127	346,614
137	(583) Overhead Line Expenses	1,970,110	1,617,076
138	(584) Underground Line Expenses	2,401,676	472,565
139	(585) Street Lighting and Signal System Expenses	83,504	32,498
140	(586) Meter Expenses	-158,212	221,777
	(587) Customer Installations Expenses	429,008	1,413,954
142	(588) Miscellaneous Expenses	3,665,942	1,423,249
143	(589) Rents		
144	TOTAL Operation (Enter Total of lines 134 thru 143)	14,599,157	10,608,556
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	1,821,018	2,671,860
147	(591) Maintenance of Structures	322,831	96,555
148	(592) Maintenance of Station Equipment	2,550,883	3,850,585
149	(593) Maintenance of Overhead Lines	19,597,380	22,035,970
150	(594) Maintenance of Underground Lines	2,107,820	2,411,759
151	(595) Maintenance of Line Transformers	1,515,532	293,798
152	(596) Maintenance of Street Lighting and Signal Systems	1,123,646	1,089,501
153	(597) Maintenance of Meters	852,785	1,156,554
154	(598) Maintenance of Miscellaneous Distribution Plant	1,210,382	1,420,087
155	TOTAL Maintenance (Total of lines 146 thru 154)	31,102,277	35,026,669
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	45,701,434	45,635,225
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	154,981	1,158,495
160	(902) Meter Reading Expenses	6,609,800	6,900,209
161	(903) Customer Records and Collection Expenses	20,424,866	18,117,442
162	(904) Uncollectible Accounts	16,531,336	16,646,250
163	(905) Miscellaneous Customer Accounts Expenses	71,323	57,534
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	43,792,306	42,879,930

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Name of Respondent WP_EXT.01-S7 Duke Energy Indiana, Inc	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rep (Mo, Da, Y) 05/23/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	1,906,186	1,109,874
169	(909) Informational and Instructional Expenses	490,643	494,785
170	(910) Miscellaneous Customer Service and Informational Expenses	5,154,356	4,483,198
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	7,551,185	6,087,857
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	112,968	145,345
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses	274,254	64,744
177	(916) Miscellaneous Sales Expenses	9,156,752	3,652,222
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	9,543,974	3,862,311
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	72,109,041	68,087,402
182	(921) Office Supplies and Expenses	45,465,382	52,519,307
183	(Less) (922) Administrative Expenses Transferred-Credit	220,951	257,269
184	(923) Outside Services Employed	30,463,794	35,044,344
185	(924) Property Insurance	5,877,576	4,441,178
186	(925) Injuries and Damages	9,226,305	5,578,038
187	(926) Employee Pensions and Benefits	64,187,707	72,322,016
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	3,856,612	4,673,950
190	(929) (Less) Duplicate Charges-Cr.	172,942	183,860
191	(930.1) General Advertising Expenses	42,022	42,597
192	(930.2) Miscellaneous General Expenses	6,846,353	9,121,392
	(931) Rents	20,689,047	17,299,856
194	TOTAL Operation (Enter Total of lines 181 thru 193)	258,369,946	268,688,951
195	Maintenance		
196	(935) Maintenance of General Plant	4,994,596	3,398,208
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	263,364,542	272,087,159
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,396,778,888	1,529,449,616

7/6

Name of Respondent Duke Energy Indiana, Inc	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Re (Mo, Da, Y 05/23/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	39,009,284		
4	Transmission	4,400,528		
5	Regional Market			
6	Distribution	11,418,802		
7	Customer Accounts	12,278,547		
8	Customer Service and Informational	4,535,945		
9	Sales			
10	Administrative and General	50,880,366		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	122,523,472		
12	Maintenance			
13	Production	22,235,544		
14	Transmission	3,643,653		
15	Regional Market			
16	Distribution	12,237,526		
17	Administrative and General	1,705,785		
18	TOTAL Maintenance (Total of lines 13 thru 17)	39,822,508		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	61,244,828		
21	Transmission (Enter Total of lines 4 and 14)	8,044,181		
	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	23,656,328		
24	Customer Accounts (Transcribe from line 7)	12,278,547		
25	Customer Service and Informational (Transcribe from line 8)	4,535,945		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	52,586,151		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	162,345,980	4,498,435	166,844,415
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

7/7

Name of Respondent WP EXH.01-S7 Duke Energy Indiana, Inc	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, Yr) 05/23/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	162,345,980	4,498,435	166,844,415
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	52,279,839	1,351,210	53,631,049
	Gas Plant			
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	52,279,839	1,351,210	53,631,049
72	Plant Removal (By Utility Departments)			
73	Electric Plant	2,603,883	67,299	2,671,182
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,603,883	67,299	2,671,182
77	Other Accounts (Specify, provide details in footnote):	1,098,794		1,098,794
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	1,098,794		1,098,794
	TOTAL SALARIES AND WAGES	218,328,496	5,916,944	224,245,440

7/8

WP Ex11.01-S7

Indiana Michigan Power

WP Ex11.01-S7 THIS FILING	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Indiana Michigan Power Company	End of 2007/Q4

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Indiana Michigan Power Company	02 Year/Period of Report End of 2007/Q4
Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1 Riverside Plaza, Columbus, OH 43215-2373	
05 Name of Contact Person Stephen J. Clark	06 Title of Contact Person Senior Staff Accountant
07 Address of Contact Person *(Street, City, State, Zip Code)* AEP Service Corp., 1 Riverside Plaza, 26th Flr, Columbus, OH 43215-2373	

08 Telephone of Contact Person,*Including Area Code* (614) 716-1000	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
Joseph M. Buonaiuto		
02 Title Controller	Joseph M. Buonaiuto	04/17/2008

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

8/2

Name of Respondent WP Ex 11.01-S7 Indiana Michigan Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Joseph M. Buonaiuto, Controller
1 Riverside Plaza
Columbus, OH 43215

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Indiana - February 21, 1925

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric - Indiana
Electric - Michigan

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

8/13

Name of Respondent WP Ex11.01-S7 Indiana Michigan Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re... (Mo, Da, Y... / /	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. ...rovide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page ...-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 RESIDENTIAL SALES					
2	Residential Service	5,886,949	405,118,407	499,878	11,777	0.0688
3	Residential Service TOD	103,754	5,781,307	5,329	19,470	0.0557
4	Res Off-Peak Energy Stor	39,686	1,908,508	1,461	27,164	0.0481
5	Res Svc Opt Senior Citizen	3,054	171,442	532	5,741	0.0561
6	Small General Service	48	2,918			0.0608
7	Outdoor Lighting (Indiana)	16,230	2,212,948			0.1363
8	Unrecovered Fuel		-2,292,777			
9	Subtotal Billed	6,049,721	412,902,753	507,200	11,928	0.0683
10	Unbilled Revenue	81,967	6,050,447			0.0738
11	Total Residential	6,131,688	418,953,200	507,200	12,089	0.0683
12						
13	442 COMMERCIAL SALES					
14	Residential Service	149	9,292			0.0624
15	Energy Conserv Lighting Svc	77	10,740	5	15,400	0.1395
	Electric Heating General	18,890	1,345,303	295	64,034	0.0712
	Electric Heating Schools	21,795	1,370,673	57	382,368	0.0629
18	Irrigation Service	7,712	590,107	316	24,405	0.0765
19	Small General Service	341,164	30,947,732	45,530	7,493	0.0907
20	Medium General Service	2,129,718	144,826,624	16,915	125,907	0.0680
21	Medium General Service TOD	62,567	3,638,050	917	68,230	0.0581
22	Large General Service	1,455,231	79,411,071	1,466	992,654	0.0546
23	Large Power	22,797	883,887	1	22,797,000	0.0388
24	Industrial Service	650,602	28,219,699	53	12,275,509	0.0434
25	Quantity Power	312,776	16,772,628	79	3,959,190	0.0536
26	Street Light - Customer Owned	388	18,913	68	5,706	0.0487
27	Street Lighting Service	27	2,207	2	13,500	0.0817
28	Water & Sewage Service	167,373	7,933,632	573	292,099	0.0474
29	Municipal & School Service	87,490	6,223,583	878	99,647	0.0711
30	Street Light - Cust Owned - Meter	3,321	115,334	315	10,543	0.0347
31	Outdoor Lighting	30,965	3,651,658			0.1179
32	Unrecovered Fuel		-1,145,708			
33	Estimated Revenue	-340	-24,101			0.0709
34	Subtotal Billed	5,312,702	324,801,324	67,470	78,742	0.0611
35	Unbilled Revenue	60,605	3,953,168			0.0652
36	Total Commercial	5,373,307	328,754,492	67,470	79,640	0.0612
37						
38						
39						
40						
41	TOTAL Billed	19,372,661	1,101,934,087	581,882	33,293	0.0569
42	Total Unbilled Rev.(See Instr. 6)	179,465	12,323,024	0	0	0.0687
43	TOTAL	19,552,126	1,114,257,111	581,882	33,602	0.0570

8/4

Name of Respondent WP EXH.01-S7 Indiana Michigan Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	3,260,954	2,705,851
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	3,260,954	2,705,851
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	3,260,954	2,705,851
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	4,328,247	4,330,751
135	(581) Load Dispatching	1,013,113	1,035,076
136	(582) Station Expenses	1,003,727	1,024,364
137	(583) Overhead Line Expenses	441,329	865,059
138	(584) Underground Line Expenses	1,965,058	1,882,547
139	(585) Street Lighting and Signal System Expenses	61,206	-14,156
	(586) Meter Expenses	809,670	633,383
	(587) Customer Installations Expenses	474,425	473,045
142	(588) Miscellaneous Expenses	10,783,201	10,164,683
143	(589) Rents	1,919,500	1,765,568
144	TOTAL Operation (Enter Total of lines 134 thru 143)	22,799,476	22,160,320
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	389,387	550,989
147	(591) Maintenance of Structures	55,696	116,360
148	(592) Maintenance of Station Equipment	2,953,221	2,584,322
149	(593) Maintenance of Overhead Lines	26,966,555	27,284,938
150	(594) Maintenance of Underground Lines	2,233,738	1,904,720
151	(595) Maintenance of Line Transformers	2,070,241	2,218,716
152	(596) Maintenance of Street Lighting and Signal Systems	475,214	473,549
153	(597) Maintenance of Meters	435,004	451,471
154	(598) Maintenance of Miscellaneous Distribution Plant	2,169,768	1,854,045
155	TOTAL Maintenance (Total of lines 146 thru 154)	37,748,824	37,439,110
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	60,548,300	59,599,430
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,671,939	1,528,177
160	(902) Meter Reading Expenses	3,635,670	3,683,346
161	(903) Customer Records and Collection Expenses	17,077,474	16,610,048
162	(904) Uncollectible Accounts	-301,171	-12,013
163	(905) Miscellaneous Customer Accounts Expenses	101,472	12,309
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	22,185,384	21,821,867

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Name of Respondent WP Ex11.01-S7 Indiana Michigan Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	1,005,726	852,403
168	(908) Customer Assistance Expenses	1,190,012	1,138,296
169	(909) Informational and Instructional Expenses	723,990	550,412
170	(910) Miscellaneous Customer Service and Informational Expenses	76	290
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	2,919,804	2,541,401
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	1,135	1,443
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	1,135	1,443
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	25,585,477	24,817,828
182	(921) Office Supplies and Expenses	3,676,364	4,022,369
183	(Less) (922) Administrative Expenses Transferred-Credit	3,406,656	2,929,940
184	(923) Outside Services Employed	30,242,776	28,261,566
185	(924) Property Insurance	2,121,722	2,039,237
186	(925) Injuries and Damages	4,810,720	5,139,106
187	(926) Employee Pensions and Benefits	31,214,137	31,195,475
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	10,915,507	8,377,165
190	(929) (Less) Duplicate Charges-Cr.	762,047	174,878
191	(930.1) General Advertising Expenses	1,260,967	887,519
192	(930.2) Miscellaneous General Expenses	2,891,119	2,918,630
	(931) Rents	10,303,500	10,274,695
194	TOTAL Operation (Enter Total of lines 181 thru 193)	118,853,586	114,828,772
195	Maintenance		
196	(935) Maintenance of General Plant	4,383,823	6,336,708
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	123,237,409	121,165,480
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,452,821,197	1,338,343,485

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Name of Respondent WP EXT1.01-S7 Indiana Michigan Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns ded. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	78,609,401		
4	Transmission	1,548,230		
5	Regional Market			
6	Distribution	6,877,791		
7	Customer Accounts	5,707,798		
8	Customer Service and Informational	1,468,540		
9	Sales			
10	Administrative and General	3,030,861		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	97,242,621		
12	Maintenance			
13	Production	44,177,224		
14	Transmission	3,360,594		
15	Regional Market	35,156		
16	Distribution	12,146,699		
17	Administrative and General	1,592,793		
18	TOTAL Maintenance (Total of lines 13 thru 17)	61,312,466		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	122,786,625		
21	Transmission (Enter Total of lines 4 and 14)	4,908,824		
	Regional Market (Enter Total of Lines 5 and 15)	35,156		
	Distribution (Enter Total of lines 6 and 16)	19,024,490		
24	Customer Accounts (Transcribe from line 7)	5,707,798		
25	Customer Service and Informational (Transcribe from line 8)	1,468,540		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	4,623,654		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	158,555,087	8,141,963	166,697,050
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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Name of Respondent WP EXH.01-S7 Indiana Michigan Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, \ / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	158,555,087	8,141,963	166,697,050
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	27,161,231	1,394,757	28,555,988
	Gas Plant			
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	27,161,231	1,394,757	28,555,988
72	Plant Removal (By Utility Departments)			
73	Electric Plant	4,960,132	254,708	5,214,840
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	4,960,132	254,708	5,214,840
77	Other Accounts (Specify, provide details in footnote):			
78	120 - Nuclear Fuel	281,929		281,929
79	152 - Fuel Stock Undistributed	4,942,245		4,942,245
80	163 - Stores Expense Undistributed	7,383,337	-7,383,337	
81	184 - Clearing Accounts	2,408,091	-2,408,091	
82	185 - ODD Temporary Facilities	103,990		103,990
83	186 - Misc Deferred Debits	423,470		423,470
84	188 - Research & Development	-7,569		-7,569
85	417 - Operating Expenses - RTD	16,172,270		16,172,270
86	426 - Donations/Political Activities	103,647		103,647
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	31,811,410	-9,791,428	22,019,982
	TOTAL SALARIES AND WAGES	222,487,860		222,487,860

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WP Ex11.01-S7

Empire District Electric Company

WP Ex11.01-S7 THIS FILING
Item 1: ☐ An Initial (Original) Submission OR ☒ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 2/29/2009)
Form 1-F Approved
OMB No. 1902-0029
(Expires 2/28/2009)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 2/28/2009)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
The Empire District Electric Company	End of 2007/Q4

9/

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent The Empire District Electric Company	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 602 Joplin Ave Joplin MO 64801	
05 Name of Contact Person Laurie A. Delano	06 Title of Contact Person Controller, Asst Sec/Treas
07 Address of Contact Person *(Street, City, State, Zip Code)* 602 Joplin Ave Joplin MO 64801	

08 Telephone of Contact Person, *Including Area Code* (417) 625-5100	09 This Report Is (1) ☐ An Original (2) ☒ A Resubmission	10 Date of Report *(Mo, Da, Yr)* 10/08/2008

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Gregory A. Knapp	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Vice-President-Finance & CFO	Gregory A. Knapp	10/08/2008

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of ort (Mo, Da, Yr) 10/08/2008	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Laurie Delano
Controller, Assistant Secretary & Assistant Treasurer
602 Joplin Ave
Joplin MO 64801

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Kansas - October 16, 1909

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Arkansas - Electric
Kansas - Electric
Missouri - Electric, Gas and Water
Oklahoma - Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) ☐ Yes...Enter the date when such independent accountant was initially engaged:
(2) ☒ No

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Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Re (Mo, Da, \ 10/08/2008	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. rovide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	RESIDENTIAL					
3	CP Cogeneration Purchase	-6	-218			0.0363
4	PL Private Lighting	6,880	1,747,741	250	27,520	0.2540
5	RG Residential Service	1,827,615	164,958,622	135,911	13,447	0.0903
6	RG Rider W/Water Heater	17,015	1,437,832	1,170	14,543	0.0845
7	RH Residential All Electric	50,350	3,871,965	2,508	20,076	0.0769
8	MS Miscellaneous Service					
9	SH SM Heat	1	96	1	1,000	0.0960
10	Unbilled Revenue	28,638	2,567,803			0.0897
11	Subtotal	1,930,493	174,583,841	139,840	13,805	0.0904
12						
13	COMMERCIAL AND INDUSTRIAL:					
14	CB Commercial	360,558	35,865,461	18,623	19,361	0.0995
15	CP Cogeneration Purchase	-58	-1,993			0.0344
	GP General Power	911,398	66,554,243	1,700	536,116	0.0730
17	LP Large Power	723,392	42,049,106	38	19,036,632	0.0581
18	LS Special Lighting	235	60,122	79	2,975	0.2558
19	MS Miscellaneous Service	30	2,782	2	15,000	0.0927
20	RH Residential All Electric	3	248			0.0827
21	RG Residential Service	14	1,431	3	4,667	0.1022
22	PFM Feed Mill and Grain Elevator	523	69,415	7	74,714	0.1327
23	PL Private Lighting	12,305	2,652,726	230	53,500	0.2156
24	Praxair	62,335	2,449,692	1	62,335,000	0.0393
25	PT Transmission	141,086	8,245,434	9	15,676,222	0.0584
26	SH Small Heating	100,662	8,554,534	3,069	32,800	0.0850
27	TEB All Electric Building	379,471	28,086,025	931	407,595	0.0740
28	Unbilled	29,188	2,157,232			0.0739
29	Subtotal	2,721,142	196,746,458	24,692	110,203	0.0723
30						
31	PUBLIC ST & HWY LIGHTING:					
32	CB Commercial	1,547	191,743	334	4,632	0.1239
33	GP General Power	318	24,154	1	318,000	0.0760
34	LS Special Lighting	792	98,834	118	6,712	0.1248
35	MS Miscellaneous	785	59,320	1	785,000	0.0756
36	PL Private Lighting	90	19,469			0.2163
37	RG Residential Service	2	231			0.1155
38	SPL Municipal Street Lighting	19,937	2,379,339	6	3,322,833	0.1193
39	Subtotal	23,471	2,773,090	460	51,024	0.1181
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

9/4

Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Re[illegible] (Mo, Da, [illegible] 10/08/2008	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	OTHER SALES TO PUBLIC					
2	AUTHORITIES:					
3	CB Commerical	20,369	1,955,867	1,241	16,413	0.0960
4	GP General Power	64,167	4,656,732	171	375,246	0.0726
5	LS Special Lighting	88	7,935	2	44,000	0.0902
6	PL Private Lighting	14	3,574			0.2553
7	RG Residential Service	22	2,249	4	5,500	0.1022
8	SH Small Heating	1,441	114,364	38	37,921	0.0794
9	TEB All Electric Building	5,537	419,163	11	503,364	0.0757
10	Subtotal	91,638	7,159,884	1,467	62,466	0.0781
11						
12	INTERDEPARTMENTAL	1,642	123,218	15	109,467	0.0750
13	Subtotal	1,642	123,218	15	109,467	0.0750
14						
15	SALES FOR RESALE - ELECTRIC					
	ENTERGY	1,516	42,598	1	1,516,000	0.0281
17	Kansas City Power & Light	114,138	3,637,634	1	114,138,000	0.0319
18	Westar	26,546	838,277	1	26,546,000	0.0316
19	Independence Power & Light	7	477	1	7,000	0.0681
20	American Electric Power	14,852	494,516	1	14,852,000	0.0333
21	Central Louisiana Electric	21	1,478			0.0704
22	Missouri Public Service	8	520			0.0650
23	Louisiana Generating	55	2,967			0.0539
24	Oklahoma Gas & Electric	88	6,619	1	88,000	0.0752
25	WPEK	2	140			0.0700
26	Xcel	1,245	27,895	1	1,245,000	0.0224
27	City of Carthage	5,475	407,710	1	5,475,000	0.0745
28	Constellation	578	31,375	1	578,000	0.0543
29	Sunflower Electric	92	3,406			0.0370
30	Southwest Power Administration	4	150			0.0375
31	Layfayette Utilities	10	698			0.0698
32	Kaw Valley Electric					
33	Kansas Electric Power Cooperative					
34	Western Farmers	4,374	154,893	1	4,374,000	0.0354
35	Louisiana Electric & Power	4	251			0.0628
36	Board of Public Utilities	12,024	2,103,319	1	12,024,000	0.1749
37	Fortis Energy	1,050	57,640			0.0549
38	Aquilla	1,419	58,198	1	1,419,000	0.0410
39	Calpine					
40	Cargile-Alliant	19,580	535,777	1	19,580,000	0.0274
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

9/5

Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Re (Mo, Da, 10/08/2008	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Cinergy					
2	Duke Energy Marketing & Trading					
3	Energy-Koch Trading					
4	Ameren	615	17,198			0.0280
5	Tenaska	24,540	879,098	1	24,540,000	0.0358
6	The Energy Authority	7,740	412,868	1	7,740,000	0.0533
7	Rainbow Energy	4,039	184,041	1	4,039,000	0.0456
8	Eagle Energy	180	9,900			0.0550
9	Oneok					
10	West Memphis					
11	Southwest Power Pool	194,419	8,815,223	1	194,419,000	0.0453
12	South Mississippi Electric	16	619			0.0387
13	Subtotal	434,637	18,725,485	17	25,566,882	0.0431
14						
15	SALES FOR RESALE-AGENCY					
	AEC	12,724	503,920	1	12,724,000	0.0396
17	Grand River Dam Authority	12,304	397,768	1	12,304,000	0.0323
18	Subtotal	25,028	901,688	2	12,514,000	0.0360
19						
20	SALES FOR					
21	City of Mt. Vernon	78,084	4,258,765	1	78,084,000	0.0545
22	City of Monett	239,914	12,795,687	1	239,914,000	0.0533
23	City of Chetopa	13,494	764,246	1	13,494,000	0.0566
24	City of Lockwood	10,855	625,357	1	10,855,000	0.0576
25	Subtotal	342,347	18,444,055	4	85,586,750	0.0539
26						
27	Total Sales	5,570,398	419,457,719	166,497	33,456	0.0753
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

9/6

Name of Respondent WP Ex1.1-01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, Yr) 10/08/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	726,783	649,791
135	(581) Load Dispatching		
136	(582) Station Expenses	424,249	340,252
137	(583) Overhead Line Expenses	1,324,545	1,136,225
138	(584) Underground Line Expenses	519,800	496,195
139	(585) Street Lighting and Signal System Expenses	79,780	78,675
140	(586) Meter Expenses	2,048,678	1,880,420
	(587) Customer Installations Expenses	141,874	193,732
142	(588) Miscellaneous Expenses	989,469	758,164
143	(589) Rents	3,407	3,364
144	TOTAL Operation (Enter Total of lines 134 thru 143)	6,258,585	5,536,818
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	152,907	142,862
147	(591) Maintenance of Structures	70,922	40,071
148	(592) Maintenance of Station Equipment	1,208,243	869,164
149	(593) Maintenance of Overhead Lines	13,404,025	6,324,955
150	(594) Maintenance of Underground Lines	655,703	604,294
151	(595) Maintenance of Line Transformers	132,487	127,804
152	(596) Maintenance of Street Lighting and Signal Systems	390,701	264,452
153	(597) Maintenance of Meters	236,632	191,414
154	(598) Maintenance of Miscellaneous Distribution Plant	146,705	136,147
155	TOTAL Maintenance (Total of lines 146 thru 154)	16,398,325	8,701,163
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	22,656,910	14,237,981
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	598,596	415,699
160	(902) Meter Reading Expenses	1,510,835	1,303,329
161	(903) Customer Records and Collection Expenses	4,306,182	4,190,902
162	(904) Uncollectible Accounts	2,971,351	1,639,760
163	(905) Miscellaneous Customer Accounts Expenses	363,017	321,635
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	9,749,981	7,871,325

9/7

Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Re (Mo, Da, 10/08/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	369,939	288,927
168	(908) Customer Assistance Expenses	774,333	1,168,197
169	(909) Informational and Instructional Expenses	201,597	81,228
170	(910) Miscellaneous Customer Service and Informational Expenses	7,206	6,224
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	1,353,075	1,544,576
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	102,085	1,668
175	(912) Demonstrating and Selling Expenses	321,339	317,284
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	423,424	318,952
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	7,011,597	6,461,086
182	(921) Office Supplies and Expenses	2,111,976	2,161,564
183	(Less) (922) Administrative Expenses Transferred-Credit	1,993,800	1,993,303
184	(923) Outside Services Employed	2,308,172	2,469,689
185	(924) Property Insurance	1,539,366	1,558,299
186	(925) Injuries and Damages	1,296,022	874,094
187	(926) Employee Pensions and Benefits	14,263,924	11,964,335
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	1,398,333	998,241
190	(929) (Less) Duplicate Charges-Cr.	217,966	177,614
191	(930.1) General Advertising Expenses	31,739	21,149
192	(930.2) Miscellaneous General Expenses	1,957,211	2,084,165
	(931) Rents	32,989	48,177
194	TOTAL Operation (Enter Total of lines 181 thru 193)	29,739,563	26,469,882
195	Maintenance		
196	(935) Maintenance of General Plant	302,470	367,522
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	30,042,033	26,837,404
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	282,467,957	236,061,185

9/8

Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, 10/08/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns ...ided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation g...ng substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	8,035,245		
4	Transmission	1,003,520		
5	Regional Market			
6	Distribution	4,287,746		
7	Customer Accounts	3,920,412		
8	Customer Service and Informational	895,838		
9	Sales	233,229		
10	Administrative and General	8,287,115		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	26,663,105		
12	Maintenance			
13	Production	4,759,520		
14	Transmission	483,291		
15	Regional Market			
16	Distribution	4,106,606		
17	Administrative and General	127,526		
18	TOTAL Maintenance (Total of lines 13 thru 17)	9,476,943		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	12,794,765		
21	Transmission (Enter Total of lines 4 and 14)	1,486,811		
22	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	8,394,352		
24	Customer Accounts (Transcribe from line 7)	3,920,412		
25	Customer Service and Informational (Transcribe from line 8)	895,838		
26	Sales (Transcribe from line 9)	233,229		
27	Administrative and General (Enter Total of lines 10 and 17)	8,414,641		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	36,140,048	1,410,250	37,550,298
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

9/9

Name of Respondent WP Ex11.01-S7 The Empire District Electric Company	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Re (Mo, Da, 10/08/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance	309,158	5,878	315,036
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	36,449,206	1,416,128	37,865,334
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	6,476,196	3,804,444	10,280,640
	Gas Plant			
	Other (provide details in footnote):	58,571	-232	58,339
71	TOTAL Construction (Total of lines 68 thru 70)	6,534,767	3,804,212	10,338,979
72	Plant Removal (By Utility Departments)			
73	Electric Plant	503,398	219,277	722,675
74	Gas Plant			
75	Other (provide details in footnote):	5,403	-21	5,382
76	TOTAL Plant Removal (Total of lines 73 thru 75)	508,801	219,256	728,057
77	Other Accounts (Specify, provide details in footnote):			
78	Clearings	5,439,596	-5,439,596	
79	Other Income & Deductions (Non-Op)	120,291		120,291
80	Non-Utility O&M	450,988		450,988
81	Non-Utility Construction	359,735		359,735
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	6,370,610	-5,439,596	931,014
	TOTAL SALARIES AND WAGES	49,863,384		49,863,384

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WP Ex11.01-S7

Kansas City Power & Light

WP Ex11.01-S7

THIS FILING
Item 1: [X] An Initial (Original) Submission OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Kansas City Power & Light Company	End of 2007/Q4

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Kansas City Power & Light Company	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1201 Walnut, Kansas City, Missouri 64106-2124	
05 Name of Contact Person Lori A. Wright	06 Title of Contact Person Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* 1201 Walnut, Kansas City, Missouri 64106-2124	

08 Telephone of Contact Person, *Including Area Code* (816) 556-2200	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* 04/01/2008

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Lori A. Wright	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Controller	Lori A. Wright	04/01/2008

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

10/2

Name of Respondent WP Ex11-01-67 Kansas City Power & Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/01/2008	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Lori Wright, Controller
1201 Walnut
Kansas City, Missouri 64106-2124

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated - State of Missouri, July 29, 1922.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Missouri- Electric
Kansas - Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent WP EXT.01-S7 Kansas City Power & Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rer (Mo, Da, Y 04/01/2008	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RESIDENTIAL - URBAN 400-440					
2	1-ALD-02 AREA LIGHTING	1,089	263,680	1,140	955	0.2421
3	2-ALD-02 AREA LIGHTING	1,276	269,376	2,136	597	0.2111
4	1-RFE-02 H RES ALL ELEC	1,711	117,898	14	122,214	0.0689
5	1-RH1-02 H RESIDENTIAL MOTEL	636	49,625	157	4,051	0.0780
6	1-RSD-02 3P AIR-C DEMAND	2,063	150,466	81	25,469	0.0729
7	2-RSD-02 3P AIR-C DEMAND	1,805	136,005	36	50,139	0.0753
8	1-RS1-02 RES STANDARD MULT	2,041,483	171,480,864	195,953	10,418	0.0840
9	1-RS1-B RES STAND METERED &	1,047	98,536	43	24,349	0.0941
10	2-RS1-02 RES STANDARD MULT	2,011,229	161,860,269	151,843	13,245	0.0805
11	3-RS1-02 RES STANDARD MULT		36			
12	1-RS2-02 H STANDARD WITH	16,553	1,126,211	1,084	15,270	0.0680
13	2-RS2-02 H STANDARD WITH	3,565	260,242	244	14,611	0.0730
14	1-RS3-02 H STANDARD WITH	146,049	9,819,207	9,677	15,092	0.0672
15	2-RS3-02 H STANDARD WITH	15,010	994,150	1,136	13,213	0.0662
	3-RS3-02 H STANDARD WITH					
17	1-RS6-02 H STANDARD WITH	447,311	30,924,019	32,273	13,860	0.0691
18	2-RS6-02 H STANDARD WITH	284,315	17,797,802	17,376	16,363	0.0626
19	1-RW1-02 WATER HEATING	3	462			0.1540
20	2-RW1-02 WATER HEATING	53,121	3,697,652	3,880	13,691	0.0696
21	3-RW1-02 WATER HEATING		2			
22	1-RW2-02 H WATER HTG & SPACE		561			
23	2-RW2-02 H WATER HTG & SPACE	11,761	687,554	818	14,378	0.0585
24	1-RW3-02 H WATER HTG & SPACE	1	2,555			2.5550
25	2-RW3-02 H WATER HTG & SPACE	195,147	11,203,412	10,759	18,138	0.0574
26	1-RW6-02 H WATER HTG & SPACE	2	721			0.3605
27	2-RW6-02 H WATER HTG & SPACE	350,358	20,540,874	22,736	15,410	0.0586
28	1-RW7-02 H WATER HTG & SPACE	722	44,429	27	26,741	0.0615
29	2-RW7-02 H WATER HTG & SPACE	1,660	98,014	51	32,549	0.0590
30	1-TEA-02 H TOD ENERGY ALL	718	56,657	47	15,277	0.0789
31	2-TE1-02 TOD ENERGY	942	68,634	64	14,719	0.0729
32	UNBILLED	7,057	2,053,360			0.2910
33	TOTAL	5,596,634	433,803,273	451,575	12,394	0.0775
34						
35	RESIDENTIAL - RURAL 400-440					
36	3-FS1-03 STANDARD	-76	-4,637	4	-19,000	0.0610
37	4-ALDC		-10			
38	4FW6C	1	87			0.0870
39	TOTAL	-75	-4,560	4	-18,750	0.0608
40						
41	TOTAL Billed	15,539,215	1,036,904,922	514,210	30,220	0.0667
42	Total Unbilled Rev.(See Instr. 6)	47,719	5,681,756	0	0	0.1191
43	TOTAL	15,586,934	1,042,586,678	514,210	30,312	0.0669

10/4

Name of Respondent WP EX11.01-S7 Kansas City Power & Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y 04/01/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation	102,733	
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	2,777,209	281
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	2,879,942	281
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware	6,396	
127	(576.3) Maintenance of Computer Software	199,690	
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)	206,086	
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	3,086,028	281
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	2,039,587	1,859,182
135	(581) Load Dispatching	1,255,586	1,411,125
136	(582) Station Expenses	45,317	152,919
137	(583) Overhead Line Expenses	2,283,851	1,590,085
138	(584) Underground Line Expenses	2,396,576	2,715,265
139	(585) Street Lighting and Signal System Expenses	53,972	89,713
140	(586) Meter Expenses	1,230,679	1,171,567
	(587) Customer Installations Expenses	932,084	1,205,952
142	(588) Miscellaneous Expenses	9,141,050	10,259,153
143	(589) Rents	65,586	86,960
144	TOTAL Operation (Enter Total of lines 134 thru 143)	19,444,288	20,541,921
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	164,150	259,569
147	(591) Maintenance of Structures	265,514	206,818
148	(592) Maintenance of Station Equipment	925,119	975,906
149	(593) Maintenance of Overhead Lines	13,261,790	16,181,285
150	(594) Maintenance of Underground Lines	2,809,189	2,114,254
151	(595) Maintenance of Line Transformers	1,541,180	1,423,402
152	(596) Maintenance of Street Lighting and Signal Systems	1,612,325	1,422,905
153	(597) Maintenance of Meters	697,892	707,371
154	(598) Maintenance of Miscellaneous Distribution Plant	898,150	256,334
155	TOTAL Maintenance (Total of lines 146 thru 154)	22,175,309	23,547,844
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	41,619,597	44,089,765
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	97,522	454,758
160	(902) Meter Reading Expenses	3,687,007	4,378,916
161	(903) Customer Records and Collection Expenses	10,445,176	10,322,640
162	(904) Uncollectible Accounts		
163	(905) Miscellaneous Customer Accounts Expenses	6,055	5,972
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	14,235,760	15,162,286

10/5

Name of Respondent WP EXT1.01-S7 Kansas City Power & Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y 04/01/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		186
168	(908) Customer Assistance Expenses	1,872,659	1,705,874
169	(909) Informational and Instructional Expenses	1,531,240	603,138
170	(910) Miscellaneous Customer Service and Informational Expenses	14,923	17,971
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	3,418,822	2,327,169
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	766,948	637,831
176	(913) Advertising Expenses	3,203	13,307
177	(916) Miscellaneous Sales Expenses	84,496	131,613
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	854,647	782,751
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	28,988,176	42,489,459
182	(921) Office Supplies and Expenses	5,421,413	4,759,090
183	(Less) (922) Administrative Expenses Transferred-Credit	1,473,367	1,448,613
184	(923) Outside Services Employed	9,428,475	8,671,471
185	(924) Property Insurance	2,571,783	2,547,163
186	(925) Injuries and Damages	8,265,670	7,128,973
187	(926) Employee Pensions and Benefits	60,859,546	41,555,196
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	5,222,554	4,294,338
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	590,289	312,097
192	(930.2) Miscellaneous General Expenses	7,198,520	6,907,989
193	(931) Rents	7,248,350	7,668,060
194	TOTAL Operation (Enter Total of lines 181 thru 193)	134,321,409	124,885,223
195	Maintenance		
196	(935) Maintenance of General Plant	6,395,266	4,793,181
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	140,716,675	129,678,404
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	719,552,223	604,169,329

Name of Respondent WP EX11.01-S7 Kansas City Power & Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rer (Mo, Da, Y 04/01/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns ...ded. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation g... ...ig substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	58,690,307		
4	Transmission	3,467,924		
5	Regional Market			
6	Distribution	10,997,596		
7	Customer Accounts	6,966,789		
8	Customer Service and Informational	661,128		
9	Sales	712,076		
10	Administrative and General	41,253,812		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	122,749,632		
12	Maintenance			
13	Production	21,393,406		
14	Transmission	385,432		
15	Regional Market			
16	Distribution	7,318,211		
17	Administrative and General	726,678		
18	TOTAL Maintenance (Total of lines 13 thru 17)	29,823,727		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	80,083,713		
21	Transmission (Enter Total of lines 4 and 14)	3,853,356		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	18,315,807		
24	Customer Accounts (Transcribe from line 7)	6,966,789		
25	Customer Service and Informational (Transcribe from line 8)	661,128		
26	Sales (Transcribe from line 9)	712,076		
27	Administrative and General (Enter Total of lines 10 and 17)	41,980,490		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	152,573,359	1,758,657	154,332,016
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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Name of Respondent WP-SR11.01-S7 Kansas City Power & Light Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y 04/01/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	152,573,359	1,758,657	154,332,016
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	31,488,620	8,733,070	40,221,690
	Gas Plant			
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	31,488,620	8,733,070	40,221,690
72	Plant Removal (By Utility Departments)			
73	Electric Plant	2,783,479	137,696	2,921,175
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,783,479	137,696	2,921,175
77	Other Accounts (Specify, provide details in footnote):			
78	Misc Income Deductions	677,576	-2,471	675,105
79	Unit Trains	24,384	-141	24,243
80	Temporary Facilities	142,285	-609	141,676
81	Misc & Billing Work Orders	1,703,124	17,859	1,720,983
82				
83	Nuclear Fuel (120100)	254,982	8,324	263,306
84	Deferred Customer Programs	221,484	-948	220,536
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	3,023,835	22,014	3,045,849
	TOTAL SALARIES AND WAGES	189,869,293	10,651,437	200,520,730

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WP Ex11.01-S7

Union Electric Company

WP Ex11.01-S7

THIS FILING	
Item 1: ☐ An Initial (Original) Submission	OR ☒ Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 2/29/2009)
Form 1-F Approved
OMB No. 1902-0029
(Expires 2/28/2009)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 2/28/2009)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
UNION ELECTRIC COMPANY	End of 2007/Q4

11/1

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent UNION ELECTRIC COMPANY	02 Year/Period of Report End of 2007/Q4
Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	
05 Name of Contact Person Martin J. Lyons, Jr.	06 Title of Contact Person Sr VP & Chief Acctng Officer
07 Address of Contact Person *(Street, City, State, Zip Code)* 1901 Chouteau Avenue, St. Louis, MO 63103	

08 Telephone of Contact Person,*Including Area Code* (314) 554-2982	09 This Report Is (1) ☐ An Original (2) ☒ A Resubmission	10 Date of Report *(Mo, Da, Yr)* 10/06/2008

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Martin J. Lyons, Jr.	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Sr VP and Chief Accounting Officer	Martin J. Lyons, Jr.	/ /

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

a/2

Name of Respondent WP Ex11.01-S7	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNION ELECTRIC COMPANY	(1) ☐ An Original (2) ☒ A Resubmission	10/06/2008	End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Martin J. Lyons, Jr.
Senior Vice President and Chief Accounting Officer
1901 Chouteau Avenue
St. Louis, MO 63103

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated in Missouri as Missouri Electric Light and Power Co. 11/21/22, name changed to Union Electric Light and Power Company 12/15/22, to Union Electric Co. of Missouri 5/29/37, and to present name 4/23/56.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric and gas utility services in Missouri.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) ☐ Yes...Enter the date when such independent accountant was initially engaged:
(2) ☒ No

Name of Respondent UNION ELECTRIC COMPANY	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Report (Mo, Da, Yr) 10/06/2008	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440 - Residential Sales					
2	Residential No. 1	14,100,232	964,368,537	992,968	14,200	0.0684
3	Residential T-O-D	35,156	7,577,272	34,700	1,013	0.2155
4	Variation in Unbilled	122,340	8,285,000			0.0677
5	Total Residential Sales	14,257,728	980,230,809	1,027,668	13,874	0.0688
6	Account 442 - Commercial Sales					
7	Large Gen. Serv. No. 3	7,209,112	402,488,478	7,777	926,979	0.0558
8	General Service No. 2	3,605,182	246,090,969	121,882	29,579	0.0683
9	Primary Service No. 4	4,028,489	187,258,599	432	9,325,206	0.0465
10	Dusk-to-Dawn No. 6*	60,794	8,312,539	15,686	3,876	0.1367
11	Priv. Ornamental St. Lighting No.	12	714	2	6,000	0.0595
12	Variation in Unbilled	-137,582	-5,177,000			0.0376
13	Total Commercial Sales	14,766,007	838,974,299	145,779	101,290	0.0568
14	Account 442 - Industrial Sales					
15	Large Gen. Serv. No. 3	1,136,504	65,058,386	984	1,154,984	0.0572
	General Service No. 2	141,082	9,105,006	3,133	45,031	0.0645
	Primary Service No. 4	4,330,962	182,097,176	207	20,922,522	0.0420
18	Customer Owned Lighting No. 6	1,199	147,881	449	2,670	0.1233
19	Contract Rate	4,378,013	141,688,581	2	2,189,006,500	0.0324
20	Variation in Unbilled	-312,521	-8,498,000			0.0272
21	Total Industrial Sales	9,675,239	389,599,030	4,775	2,026,228	0.0403
22	Account 444 - Public					
23	Street & Highway Lighting					
24	Unmetered St. Ltg. - No. 5	72,951	11,544,366	438	166,555	0.1582
25	Metered St. Ltg. No. 6/7	59,128	1,783,651	1,128	52,418	0.0302
26	Variation in Unbilled	-3,855	-281,000			0.0729
27	Total Public Street/Mun. Lighting	128,224	13,047,017	1,566	81,880	0.1018
28	Account 445					
29	Other Public Authorities					
30	Contract Rate*	254	59,068	1	254,000	0.2326
31	Variation in Unbilled					
32	Total Other Public Authorities	254	59,068	1	254,000	0.2326
33						
34						
35						
36						
37						
38						
39						
40	*Unmetered Sales					
41	TOTAL Billed	39,159,070	2,227,581,223	1,179,789	33,192	0.0569
42	Total Unbilled Rev.(See Instr. 6)	-331,618	-5,671,000	0	0	0.0171
43	TOTAL	38,827,452	2,221,910,223	1,179,789	32,911	0.0572

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Name of Respondent WP EXT1.01-S7 UNION ELECTRIC COMPANY	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rep (Mo, Da, Y 10/06/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	8,491,686	7,616,243
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	8,491,686	7,616,243
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	8,491,686	7,616,243
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	3,965,683	2,823,716
135	(581) Load Dispatching	4,525,328	4,135,705
136	(582) Station Expenses	4,057,153	3,780,337
137	(583) Overhead Line Expenses	10,111,262	10,787,156
138	(584) Underground Line Expenses	1,399,446	2,716,987
139	(585) Street Lighting and Signal System Expenses	586,504	537,435
140	(586) Meter Expenses	5,641,334	3,815,740
	(587) Customer Installations Expenses	1,382,025	1,228,858
142	(588) Miscellaneous Expenses	24,435,548	16,978,197
143	(589) Rents	188,975	281,125
144	TOTAL Operation (Enter Total of lines 134 thru 143)	56,293,258	47,085,256
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	3,517,705	3,201,350
147	(591) Maintenance of Structures	2,203,083	1,500,585
148	(592) Maintenance of Station Equipment	14,568,077	12,090,878
149	(593) Maintenance of Overhead Lines	92,331,252	76,736,782
150	(594) Maintenance of Underground Lines	5,846,988	4,258,819
151	(595) Maintenance of Line Transformers	1,670,795	1,369,904
152	(596) Maintenance of Street Lighting and Signal Systems	3,157,331	2,314,447
153	(597) Maintenance of Meters	442,693	471,424
154	(598) Maintenance of Miscellaneous Distribution Plant	2,012,047	1,610,987
155	TOTAL Maintenance (Total of lines 146 thru 154)	125,749,971	103,555,176
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	182,043,229	150,640,432
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,691,821	305,449
160	(902) Meter Reading Expenses	17,397,091	16,842,962
161	(903) Customer Records and Collection Expenses	23,559,069	23,104,931
162	(904) Uncollectible Accounts	12,891,000	12,134,487
163	(905) Miscellaneous Customer Accounts Expenses	393,593	456,938
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	55,932,574	52,844,767

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Name of Respondent WP EXT1.01-S7 UNION ELECTRIC COMPANY	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rep (Mo, Da, Y 10/06/2008	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	46,456	258,955
168	(908) Customer Assistance Expenses	2,357,517	2,001,059
169	(909) Informational and Instructional Expenses	3,341,363	1,858,754
170	(910) Miscellaneous Customer Service and Informational Expenses	1,986,312	882,453
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	7,731,648	5,001,221
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	50,758	48,611
175	(912) Demonstrating and Selling Expenses	1,014,216	1,024,749
176	(913) Advertising Expenses		70
177	(916) Miscellaneous Sales Expenses	58,982	60,781
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	1,123,956	1,134,211
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	48,493,415	40,453,453
182	(921) Office Supplies and Expenses	14,037,741	17,471,914
183	(Less) (922) Administrative Expenses Transferred-Credit	3,338,029	2,595,722
184	(923) Outside Services Employed	40,363,791	37,421,357
185	(924) Property Insurance	24,870,038	4,983,306
186	(925) Injuries and Damages	15,888,194	24,135,901
187	(926) Employee Pensions and Benefits	84,255,317	85,099,288
188	(927) Franchise Requirements	19,363	19,363
189	(928) Regulatory Commission Expenses	15,515,665	13,410,272
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	758,031	1,267,153
192	(930.2) Miscellaneous General Expenses	7,693,418	7,694,052
	(931) Rents	10,079,052	10,261,287
194	TOTAL Operation (Enter Total of lines 181 thru 193)	258,635,996	239,621,624
195	Maintenance		
196	(935) Maintenance of General Plant	6,384,331	5,660,724
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	265,020,327	245,282,348
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,676,530,549	1,550,161,436

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Name of Respondent UNION ELECTRIC COMPANY	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rep (Mo, Da, Y 10/06/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	100,551,028		
4	Transmission	3,282,198		
5	Regional Market			
6	Distribution	27,939,579		
7	Customer Accounts	15,228,065		
8	Customer Service and Informational	1,725,787		
9	Sales	697,253		
10	Administrative and General	38,257,760		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	187,681,670		
12	Maintenance			
13	Production	70,828,788		
14	Transmission	2,186,248		
15	Regional Market			
16	Distribution	38,730,749		
17	Administrative and General	2,655,475		
18	TOTAL Maintenance (Total of lines 13 thru 17)	114,401,260		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	171,379,816		
21	Transmission (Enter Total of lines 4 and 14)	5,468,446		
	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	66,670,328		
24	Customer Accounts (Transcribe from line 7)	15,228,065		
25	Customer Service and Informational (Transcribe from line 8)	1,725,787		
26	Sales (Transcribe from line 9)	697,253		
27	Administrative and General (Enter Total of lines 10 and 17)	40,913,235		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	302,082,930	11,026,978	313,109,908
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)	656,667		
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	5,491,972		
37	Customer Accounts	3,584,281		
38	Customer Service and Informational	591,597		
39	Sales	96,800		
40	Administrative and General	3,163,669		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	13,584,986		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission	4,781		

11/7

Name of Respondent UNION ELECTRIC COMPANY	This Report Is: (1) ☐ An Original (2) ☒ A Resubmission	Date of Rep (Mo, Da, Y 10/06/2008	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	1,816,542		
49	Administrative and General	121,541		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	1,942,864		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,	656,667		
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)	4,781		
57	Distribution (Lines 36 and 48)	7,308,514		
58	Customer Accounts (Line 37)	3,584,281		
59	Customer Service and Informational (Line 38)	591,597		
60	Sales (Line 39)	96,800		
61	Administrative and General (Lines 40 and 49)	3,285,210		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	15,527,850	485,154	16,013,004
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	317,610,780	11,512,132	329,122,912
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	68,264,960	6,081,228	74,346,188
	Gas Plant	4,817,349	429,143	5,246,492
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	73,082,309	6,510,371	79,592,680
72	Plant Removal (By Utility Departments)			
73	Electric Plant	7,615,642	120,310	7,735,952
74	Gas Plant	23,005	363	23,368
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	7,638,647	120,673	7,759,320
77	Other Accounts (Specify, provide details in footnote):			
78	Other Work in Progress	46,298	1,357	47,655
79	ARO	16,161		16,161
80	Other Income & Deductions	-1,116,808		-1,116,808
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	-1,054,349	1,357	-1,052,992
	TOTAL SALARIES AND WAGES	397,277,387	18,144,533	415,421,920

11/8

WP Ex11.01-S7

Duke Energy Ohio

WP EX11.01-S7 THIS FILING	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Duke Energy Ohio, Inc.	End of 2007/Q4

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Duke Energy Ohio, Inc.	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 139 East Fouth Street, Cincinnati, Ohio 45202	
05 Name of Contact Person Misty Roddey	06 Title of Contact Person Accounting Manager
07 Address of Contact Person *(Street, City, State, Zip Code)* 526 South Church Street, Charlotte, NC 28202	

08 Telephone of Contact Person,*Including Area Code* (704) 373-5872	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name David L. Hauser	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Group Executive & CFO	David L. Hauser	/ /

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

12/2

Name of Respondent WP Ex11.01-S7 Duke Energy Ohio, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Corporate Books:
Steven K. Young, Senior Vice President & Controller
526 South Church Street
Charlotte, NC 28202

Other Corporate Books of Account:
139 East Fourht Street, Rm 202
Cincinnati, OH 45202

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Ohio
April 3, 1837

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

State of Ohio - Gas and Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	(440) RESIDENTIAL OR DOMESTIC					
2						
3						
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (1)	7,756,848	773,581,633	610,405	12,708	0.0997
7	SHEET 31 (2)	7,870	637,465	202	38,960	0.0810
8	SHEET 33 (3)	348	31,015	19	18,316	0.0891
9	SHEET 34 (4)					
10						
11	OUTDOOR LIGHTING SERVICE					
12	SHEET 65 (5)	4,094	651,725			0.1592
13						
14	SHEET 67 (6)	553	127,448			0.2305
15						
	UNBILLED REVENUE	13,981	7,133,000			0.5102
18	TOTAL (440) RESIDENTIAL OR	7,783,694	782,162,286	610,626	12,747	0.1005
19	DOMESTIC SALES					
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	21,900,861	1,805,040,855	686,578	31,899	0.0824
42	Total Unbilled Rev.(See Instr. 6)	-498	83,365,000	0	0	-167.3996
43	TOTAL	21,900,363	1,888,405,855	686,578	31,898	0.0862

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Name of Respondent: WP-EXH.01-S7 Duke Energy Ohio, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	4,364,289	3,791,007
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	4,364,289	3,791,007
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	4,364,289	3,791,007
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	1,216,172	1,692,678
135	(581) Load Dispatching	1,516,118	2,159,204
136	(582) Station Expenses	1,605,572	1,033,634
137	(583) Overhead Line Expenses	3,287,879	2,323,604
138	(584) Underground Line Expenses	427,474	702,583
139	(585) Street Lighting and Signal System Expenses	194,652	14,997
140	(586) Meter Expenses	225,289	88,593
141	(587) Customer Installations Expenses	2,119,103	1,781,153
142	(588) Miscellaneous Expenses	4,068,740	826,774
143	(589) Rents		
144	TOTAL Operation (Enter Total of lines 134 thru 143)	14,660,999	10,623,220
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	1,713,365	2,199,857
147	(591) Maintenance of Structures	352,136	359,633
148	(592) Maintenance of Station Equipment	2,180,363	2,683,886
149	(593) Maintenance of Overhead Lines	26,170,919	15,938,079
150	(594) Maintenance of Underground Lines	2,670,893	1,491,716
151	(595) Maintenance of Line Transformers	619,882	595,017
152	(596) Maintenance of Street Lighting and Signal Systems	433,089	781,431
153	(597) Maintenance of Meters	560,104	674,213
154	(598) Maintenance of Miscellaneous Distribution Plant	17,521	-339,574
155	TOTAL Maintenance (Total of lines 146 thru 154)	34,718,272	24,384,258
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	49,379,271	35,007,478
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	128,198	167,018
160	(902) Meter Reading Expenses	5,910,289	6,424,650
161	(903) Customer Records and Collection Expenses	18,254,512	17,971,859
162	(904) Uncollectible Accounts	19,417,641	19,413,930
163	(905) Miscellaneous Customer Accounts Expenses	7,279	-281,397
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	43,717,919	43,696,060

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Name of Respondent: Duke Energy Ohio, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	-964	
168	(908) Customer Assistance Expenses	2,605,479	1,306,287
169	(909) Informational and Instructional Expenses	398,520	356,714
170	(910) Miscellaneous Customer Service and Informational Expenses	2,660,047	2,050,143
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	5,663,082	3,713,144
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	10,442	53,623
175	(912) Demonstrating and Selling Expenses		-45
176	(913) Advertising Expenses	68	1,591
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	10,510	55,169
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	70,497,470	76,600,913
182	(921) Office Supplies and Expenses	46,563,722	53,401,159
183	(Less) (922) Administrative Expenses Transferred-Credit	89,539	176,336
184	(923) Outside Services Employed	26,886,992	25,995,378
185	(924) Property Insurance	8,991,445	6,522,637
186	(925) Injuries and Damages	7,204,198	9,466,585
187	(926) Employee Pensions and Benefits	52,482,158	51,766,839
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	2,482,296	8,661,611
190	(929) (Less) Duplicate Charges-Cr.	1,016,546	1,515,766
191	(930.1) General Advertising Expenses	6,804	6,982
192	(930.2) Miscellaneous General Expenses	5,350,310	6,317,006
	(931) Rents	20,591,845	17,993,294
194	TOTAL Operation (Enter Total of lines 181 thru 193)	239,951,155	255,040,302
195	Maintenance		
196	(935) Maintenance of General Plant	3,405,530	3,139,220
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	243,356,685	258,179,522
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,875,355,244	7,039,996,843

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Name of Respondent WP EX11.01-S7 Duke Energy Ohio, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	27,176,052		
4	Transmission	3,655,662		
5	Regional Market			
6	Distribution	11,217,834		
7	Customer Accounts	8,774,665		
8	Customer Service and Informational	1,766,023		
9	Sales	1,751		
10	Administrative and General	38,159,282		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	90,751,269		
12	Maintenance			
13	Production	17,405,476		
14	Transmission	1,336,272		
15	Regional Market			
16	Distribution	10,366,763		
17	Administrative and General	930,439		
18	TOTAL Maintenance (Total of lines 13 thru 17)	30,038,950		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	44,581,528		
21	Transmission (Enter Total of lines 4 and 14)	4,991,934		
	Regional Market (Enter Total of Lines 5 and 15)			
	Distribution (Enter Total of lines 6 and 16)	21,584,597		
24	Customer Accounts (Transcribe from line 7)	8,774,665		
25	Customer Service and Informational (Transcribe from line 8)	1,766,023		
26	Sales (Transcribe from line 9)	1,751		
27	Administrative and General (Enter Total of lines 10 and 17)	39,089,721		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	120,790,219	808,782	121,599,001
29	Gas			
30	Operation			
31	Production-Manufactured Gas	338,189		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	758,152		
34	Storage, LNG Terminaling and Processing			
35	Transmission	2,850		
36	Distribution	9,912,266		
37	Customer Accounts	13,561,352		
38	Customer Service and Informational	1,763,785		
39	Sales	278		
40	Administrative and General	18,803,184		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	45,140,056		
42	Maintenance			
43	Production-Manufactured Gas	26,543		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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Name of Respondent Duke Energy Ohio, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	2,408,777		
49	Administrative and General	729,294		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	3,164,614		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	364,732		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	758,152		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)	2,850		
57	Distribution (Lines 36 and 48)	12,321,043		
58	Customer Accounts (Line 37)	13,561,352		
59	Customer Service and Informational (Line 38)	1,763,785		
60	Sales (Line 39)	278		
61	Administrative and General (Lines 40 and 49)	19,532,478		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	48,304,670	2,733,811	51,038,481
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	169,094,889	3,542,593	172,637,482
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	39,600,637	197,692	39,798,329
	Gas Plant	11,645,353	498,456	12,143,809
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	51,245,990	696,148	51,942,138
72	Plant Removal (By Utility Departments)			
73	Electric Plant	1,790,314	79,946	1,870,260
74	Gas Plant	504,929	144,005	648,934
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,295,243	223,951	2,519,194
77	Other Accounts (Specify, provide details in footnote):	1,036,932		1,036,932
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	1,036,932		1,036,932
	TOTAL SALARIES AND WAGES	223,673,054	4,462,692	228,135,746

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WP Ex11.01-S7

Ohio Power Company

WP Ex11.01-S7

THIS FILING	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Ohio Power Company	End of 2007/Q4

WP Ex11.01-S7

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Ohio Power Company	02 Year/Period of Report End of 2007/Q4
Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1 Riverside Plaza, Columbus, Ohio 43215-2373	
05 Name of Contact Person Stephen J. Clark	06 Title of Contact Person Senior Staff Accountant
07 Address of Contact Person *(Street, City, State, Zip Code)* AEP Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215	

08 Telephone of Contact Person, *Including Area Code* (614) 716-1000	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Joseph M. Buonaiuto	03 Signature	04 Date Signed *(Mo, Da, Yr)*
02 Title Controller	Joseph M. Buonaiuto	04/17/2008

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

13/2

Name of Respondent (WP Ex11.01-S7)	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Ohio Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Joseph M. Buonaiuto, Controller
1 Riverside Plaza
Columbus, Ohio 43215

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Ohio - May 8, 1907
Reorganized - December 18, 1924

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric - Ohio

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

13/3

Name of Respondent WP EX11.01-S7 Ohio Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440-Residential					
2	RS Residential Service	7,560,498	583,177,069	609,561	12,403	0.0771
3	RS-ES Res Energy Storage	9,165	596,795	374	24,505	0.0651
4	RS-TOD Res Time of Day	736	53,903	39	18,872	0.0732
5	GS-1 Gen Svc-Non-Demand Meter	10	747			0.0747
6	GS-2 Gen Svc-Low Load Factor	5	369			0.0738
7	OL Outdoor Lighting	14,908	3,011,276			0.2020
8	Provision for Refund		-1,058,685			
9	Subtotal-Billed	7,585,322	585,781,474	609,974	12,435	0.0772
10	Net Unbilled	89,112	6,566,818			0.0737
11	Total-Residential	7,674,434	592,348,292	609,974	12,582	0.0772
12						
13						
14	442-Commercial					
15	RS Residential Service	21	1,485			0.0707
16	GS-1 Gen Svc-Non-Demand Meter	356,741	31,568,818	58,255	6,124	0.0885
17	GS-2 Gen Svc-Low Load Factor	2,460,408	174,075,605	27,044	90,978	0.0708
18	GS-3 Gen Svc-Med/High Load	2,912,904	160,422,950	4,821	604,212	0.0551
19	GS-TOD Gen Svc-Time of Day	101,263	6,167,532	670	151,139	0.0609
20	COGEN/SPP Cogeneration/Small	281	3,807	1	281,000	0.0135
21	SBS Standby Service	1,847	171,002	1	1,847,000	0.0926
22	OL Outdoor Lighting	37,638	5,284,392			0.1404
23	EHG Electric Heating General	24,541	1,564,713	507	48,404	0.0638
24	EHS Electric Heating Schools	451	12,859	1	451,000	0.0285
25	SS School Service	56,871	3,607,823	223	255,027	0.0634
26	Net Estimated Billings	290	15,131			0.0522
27	Provision for Refund		-937,700			
28	Subtotal-Billed	5,953,256	381,958,417	91,523	65,047	0.0642
29	Net Unbilled	66,303	3,824,359			0.0577
30	Total-Commercial	6,019,559	385,782,776	91,523	65,771	0.0641
31						
32						
33	442-Industrial					
34	GS-1 Gen Svc-Non-Demand Meter	17,910	1,764,622	3,994	4,484	0.0985
35	GS-2 Gen Svc-Low Load Factor	1,076,338	72,117,929	2,546	422,756	0.0670
36	GS-3 Gen Svc-Med/High Load	3,696,195	192,585,445	692	5,341,322	0.0521
37	GS-4 General Service-Large	6,110,938	256,617,766	40	152,773,450	0.0420
38	GS-TOD Gen Svc-Time of Day	7,378	471,100	22	335,364	0.0639
39	OL Outdoor Lighting	6,517	873,556			0.1340
40	EHG Electric Heating General	1,508	105,894	21	71,810	0.0702
41	TOTAL Billed	27,542,117	1,605,595,485	711,406	38,715	0.0583
42	Total Unbilled Rev.(See Instr. 6)	185,625	12,224,082	0	0	0.0659
43	TOTAL	27,727,742	1,617,819,567	711,406	38,976	0.0583

Name of Respondent: Ohio Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	4,459,613	3,803,002
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	4,459,613	3,803,002
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	4,459,613	3,803,002
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	5,389,977	6,531,155
135	(581) Load Dispatching	45,295	45,757
136	(582) Station Expenses	1,113,070	1,155,610
137	(583) Overhead Line Expenses	199,144	355,717
138	(584) Underground Line Expenses	585,075	886,152
139	(585) Street Lighting and Signal System Expenses	211,697	176,144
140	(586) Meter Expenses	712,225	227,200
141	(587) Customer Installations Expenses	815,959	693,442
142	(588) Miscellaneous Expenses	14,038,628	12,403,553
143	(589) Rents	2,810,939	3,119,157
144	TOTAL Operation (Enter Total of lines 134 thru 143)	25,922,009	25,593,887
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	396,982	439,349
147	(591) Maintenance of Structures	186,643	131,175
148	(592) Maintenance of Station Equipment	3,804,630	3,870,064
149	(593) Maintenance of Overhead Lines	31,532,391	26,445,582
150	(594) Maintenance of Underground Lines	1,827,100	1,526,135
151	(595) Maintenance of Line Transformers	1,644,227	1,476,463
152	(596) Maintenance of Street Lighting and Signal Systems	297,579	345,728
153	(597) Maintenance of Meters	485,456	459,689
154	(598) Maintenance of Miscellaneous Distribution Plant	2,149,320	1,874,306
155	TOTAL Maintenance (Total of lines 146 thru 154)	42,324,328	36,568,491
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	68,246,337	62,162,378
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,540,962	1,505,658
160	(902) Meter Reading Expenses	5,348,894	5,323,200
161	(903) Customer Records and Collection Expenses	23,346,691	21,277,120
162	(904) Uncollectible Accounts	11,223,757	14,926,894
163	(905) Miscellaneous Customer Accounts Expenses	36,717	26,076
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	41,497,021	43,058,948

Name of Respondent: 01-S7 Ohio Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	1,457,945	1,255,425
168	(908) Customer Assistance Expenses	2,528,682	2,460,674
169	(909) Informational and Instructional Expenses	885,340	673,535
170	(910) Miscellaneous Customer Service and Informational Expenses	20	341
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	4,871,987	4,389,975
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	48	60
175	(912) Demonstrating and Selling Expenses	3,360	43,317
176	(913) Advertising Expenses		73
177	(916) Miscellaneous Sales Expenses	20,722	19,755
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	24,130	63,205
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	26,772,734	24,867,290
182	(921) Office Supplies and Expenses	3,409,287	4,666,805
183	(Less) (922) Administrative Expenses Transferred-Credit	2,760,246	3,291,262
184	(923) Outside Services Employed	25,782,899	28,953,776
185	(924) Property Insurance	4,647,737	4,245,905
186	(925) Injuries and Damages	5,883,184	-3,838,559
187	(926) Employee Pensions and Benefits	22,732,455	21,804,025
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	283,760	275,000
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	1,310,936	676,390
[illegible]	(930.2) Miscellaneous General Expenses	1,795,298	1,925,648
	(931) Rents	2,825,481	3,392,425
194	TOTAL Operation (Enter Total of lines 181 thru 193)	92,683,525	83,677,443
195	Maintenance		
196	(935) Maintenance of General Plant	5,128,768	5,245,795
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	97,812,293	88,923,238
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,806,830,593	1,618,798,453

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Name of Respondent: WP Ex11.01-S7 Ohio Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Rep (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	42,585,160		
4	Transmission	2,300,533		
5	Regional Market			
6	Distribution	5,526,200		
7	Customer Accounts	6,727,321		
8	Customer Service and Informational	1,524,313		
9	Sales			
10	Administrative and General	6,007,585		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	64,671,112		
12	Maintenance			
13	Production	29,662,974		
14	Transmission	3,715,757		
15	Regional Market	71,421		
16	Distribution	13,424,137		
17	Administrative and General	1,774,677		
18	TOTAL Maintenance (Total of lines 13 thru 17)	48,648,966		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	72,248,134		
21	Transmission (Enter Total of lines 4 and 14)	6,016,290		
	Regional Market (Enter Total of Lines 5 and 15)	71,421		
	Distribution (Enter Total of lines 6 and 16)	18,950,337		
24	Customer Accounts (Transcribe from line 7)	6,727,321		
25	Customer Service and Informational (Transcribe from line 8)	1,524,313		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	7,782,262		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	113,320,078	6,233,888	119,553,966
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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Name of Respondent AEP-ETT.01-S7 Ohio Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Re (Mo, Da, Y / /	Year/Period of Report End of 2007/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	113,320,078	6,233,888	119,553,966
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	35,407,672	1,878,706	37,286,378
	Gas Plant			
	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	35,407,672	1,878,706	37,286,378
72	Plant Removal (By Utility Departments)			
73	Electric Plant	7,474,301	426,979	7,901,280
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	7,474,301	426,979	7,901,280
77	Other Accounts (Specify, provide details in footnote):			
78	152 - Fuel Stock Undistributed	8,463,752		8,463,752
79	154 - Materials & Supplies	1,320		1,320
80	163 - Stores Expense Undistributed	5,539,783	-5,539,783	
81	183 - Prelim Survey	-1,191	1,191	
82	184 - Clearing Accounts	3,000,981	-3,000,981	
83	185 - ODD Temporary Facilities	136,230		136,230
84	186 - Misc Deferred Debits	94,540		94,540
85	188 - Research & Development	-4,004		-4,004
86	254 - Ohio Reliability	604		604
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	17,232,015	-8,539,573	8,692,442
	TOTAL SALARIES AND WAGES	173,434,066		173,434,066

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WP Ex11.01-S7.1

Schedule 7.1

WP Ex11.01-S7.1

Schedule 7.1
Page 1 of 1

Illinois-American Water Company
2010 Customer Accounts Analysis [1]

Line No.		Object Account	IAWC Test Year Amount
	(A)	(B)	(C)
	Customer Service Costs		
1	Call Center Customer Service		$ 4,800,656
2	Regional Customer Service		733,409
	Bill Processing Costs (IAWC)		
3	Bank Service Charges	575100	338,250
4	Postage	575660	1,057,800
5	Bill Forms	356400	356,700
6	**Total Cost**		**$ 7,286,815**
7	Estimated 2010 Customers		312,351
8	**Average Cost per Customer**		**$ 23.33**

Footnote
[1] Schedule 7.1 prepared by Service Company

WP Ex11.01-S7.2

Schedule 7.2

WP Ex11.01-S7.2

Illinois-American Water Company
Customer Accounts Expense Per Customer

Line No.	Company Name [a]	Expense Per Customer [b]
	(A)	(B)
1	Commonwealth Edison Company	$ 41.38
2	The Empire District Electric Company	$ 40.77
3	Ohio Power Company	$ 38.76
4	Duke Energy Ohio, Inc.	$ 38.14
5	Central Illinois Light Company	$ 35.99
6	Indiana Michigan Power Company	$ 35.94
7	Duke Energy Indiana, Inc.	$ 34.00
8	**Group Average**	**$ 33.98**
9	MidAmerican Energy Company	$ 30.00
10	Central Illinois Public Service Company	$ 27.93
11	Kansas City Power & Light Company	$ 26.61
12	Union Electric Company	$ 25.53
13	**Illinois-American Water Company [c]**	**$ 23.33**
14	Illinois Power Company	$ 22.18
15	Interstate Power and Light Company	$ 16.75

Source

[a] Schedule 7
[b] Schedule 7, Line 11
[c] Schedule 7.1, Line 8

WP Ex-11.01-S8

Schedule 8

Illinois-American Water Company
Service Company/Outside Provider Market Cost Comparison

Line No.	Service Category [a]	IAWC 2010 Test Year: Service Company Rate [b]	Market Rate [a]	Hourly Rate Difference -- AWWSC Above/(Below) Market Rate [c]	Forecast of Service Hours [b]	Projected AWWSC Cost Above/(Below) Market [d]
	(A)	(B)	(C)	(D)	(E)	(F)
1	Accounting Services	$ 88	$ 126	$ (38)	46,645	$ (1,772,510)
2	Engineering Services	82	113	(31)	37,640	(1,166,840)
3	Information Technology Services	91	130	(39)	37,629	(1,467,531)
4	Legal Services	136	253	(117)	5,713	(668,421)
5	Management Consulting Services	107	188	(81)	32,299	(2,616,219)
6	**Projected Cost Savings Realized by IAWC through AWWSC**					**$ (7,691,521)**

Source
[a] Schedules 1, 2, 3, 4 and 5
[b] Schedules 1.1, 2.1, 3.1, 4.1 and 5.1
[c] Column B - Column C
[d] Column D x Column E

ILLINOIS COMMERCE COMMISSION

IAWC EXHIBIT 5.00

DIRECT TESTIMONY OF

EDWARD J. GRUBB

ILLINOIS-AMERICAN WATER COMPANY

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DIRECT TESTIMONY OF EDWARD J. GRUBB **IAWC EX. 5.00**

I. WITNESS INTRODUCTION

Q1. Please state your name.

A. My name is Edward J. Grubb.

Q2. Please state your business address.

A. My business address is 727 Craig Road, St. Louis, Missouri 63141.

Q3. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company, Inc. ("Service Company") as a Director, Rates and Regulation. In this capacity I serve as Director, Rates and Regulation, for Illinois-American Water Company ("Company" or "IAWC") and other midwest operating subsidiaries of American Water Works Company, Inc. ("American Water"). I am also the Assistant Treasurer for IAWC.

Q4. Please summarize your education, background, employment experience, and your responsibilities as the Director Rates and Regulation.

A. My background, qualifications and responsibilities are summarized in Attachment A to this testimony.

II. PURPOSE OF TESTIMONY

Q5. What is the purpose of your Direct Testimony?

A. The purpose of my Direct Testimony is to discuss certain aspects of the costs associated with support services received by IAWC the Service Company, including allocation of Service Company costs and an analysis of Belleville Laboratory test costs that supplements the Service Company Cost Study

sponsored by IAWC witnesses Mark Young and Bernard L. Uffelman. I will also address rate design and other issues.

III. SERVICE COMPANY COST

Q6. Please describe the Services that the Company receives from the Service Company.

A. IAWC receives services from the Service Company to support the provision of utility service to the customers of the Company, under the terms of a Service Company Agreement ("Agreement") dated January 1, 1989 and approved by the Commission, most recently in Docket 04-0595. A copy of the Agreement is attached as IAWC Exhibit 5.01. The Service Company maintains an organization whose officers and employees are familiar with all facets of the water utility business and are knowledgeable and experienced in the efficient management, financing, accounting and operation of water utility assets and the business. The primary areas of service provided to IAWC by the Service Company are: Communications and External Affairs, Corporate Finance, Customer Service, Divisional Operations Support and Regulated Operations, Human Resources, Information Technology Services, Legal, Operations Services, and Shared Services. IAWC witness Mr. John Young discusses the services provided.

Q7. Did the Commission's order in IAWC's last rate case, Docket 07-0507, include requirements with respect to the Service Company's provision of services to IAWC?

A. Yes. In the Commission's Order in IAWC's last rate case, Docket 07-0507 ("Docket 07-0507 Order"), the Commission directed IAWC to, in its next rate filing:

> conduct a study comparing the cost of each service obtained from the Service Company to the costs of such services had they been obtained through competitive bidding on the open market. As part of the study, IAWC must also provide an analysis of the services provided by the Service Company to all of IAWC's affiliates. The analysis must provide details on the specific services provided to IAWC and how costs are allocated among affiliates of IAWC.

As Ms. Teasley explains in her testimony, IAWC has addressed this requirement through evidence sponsored by five witnesses, including portions of my testimony and exhibits. The other witnesses addressing this topic are: Ms. Teasley, who discusses IAWC's approach with regard to service procurement and sponsors a study that compares the cost that IAWC would incur to provide all services through its own employees on a stand alone basis to the cost that IAWC incurs to procure service from an outside provider; Mr. John Young, who describes the services provided to IAWC and other American Water affiliates; and Mr. Bernard L. Uffelman of Uffelman Advisory Services ("UAS") and Mr. Mark Young of Deloitte & Touche LLP ("Deloitte"), who sponsor a "Service Company Cost Study", which, for those services that could be obtained by IAWC from non-affiliate providers, provides a comparison of the cost that IAWC expects to incur for the 2010 test year in procuring services from the Service Company to the cost that IAWC would incur to procure the services from a non-affiliate provider at market price levels. I will discuss the allocation of Service Company costs to regulated and non-regulated affiliates of American Water, and the

development of a cost study for American Water's Belleville Water Quality Testing Lab ("Belleville Lab"), referred to as the "Belleville Lab Cost Study," which supplements the Service Company Cost Study analysis performed by Deloitte and UAS. As Ms. Teasley discusses, IAWC's analysis of Service Company costs, including the Service Company Cost Study and Belleville Lab Cost Study, demonstrate that, for all services provided, the projected Service Company cost is significantly below the market price that would be incurred.

Allocation of Service Company Costs to American Water Affiliates

Q8. Does the Service Company provide services to both regulated and non-regulated affiliates of IAWC?

A. Yes. The Service Company provides services to both regulated and non-regulated affiliates of American Water, including IAWC. Some services may be provided for a specific affiliate. Other services benefit all or a group of affiliates in common.

Q9. How does the Service Company track the time spent by employees in performing services for affiliates?

A. Each Service Company employee completes a weekly electronic time sheet that shows the time spent by the employee. The time sheet also identifies the operating company for which the service/activity was performed where work is performed for a single regulated or non-regulated affiliate or the applicable allocation formula where work is performed for more than one affiliate. The allocation formulas utilized by the Service Company are discussed in further detail below.

Q10. How does the Service Company assign the costs of services provided?

A. As noted above, where possible, the Service Company employee identifies the specific affiliate that a service benefits, so that the cost of that service may be charged to that specific affiliate directly ("Direct Charge"). Direct Charge is the preferred method for assignment of the cost of services performed. For regulated affiliates, this preference for Direct Charge assignment of costs is in accord with the Agreement. Where a service benefits both regulated and non-regulated affiliates, the Service Company allocates the cost to the affiliates benefited using the Tier 1 allocation methodology discussed below. Where a service benefits more than one regulated affiliate, the Tier 2 allocation methodology, also discussed below, is used. Service Company overhead costs are assigned in a manner also discussed below. IAWC Exhibit 5.02, Page 1, shows for 2010 the total Service Company projected cost for all functions, the amount of cost assigned to non-regulated affiliates, the amount of cost assigned to regulated affiliates and the amount of cost assigned to IAWC.

Q11. Please explain the Tier 1 allocation methodology used for the separation of costs applicable to regulated and non-regulated affiliates.

A. Once all Direct Charges have been assigned, the Service Company allocates between regulated and non-regulated affiliates the cost of each service that has been performed to benefit both regulated and non-regulated affiliates. Costs which cannot be identified and related exclusively to services provided to a particular affiliate are allocated among all affiliates so served (or, in the case of costs incurred with respect to services rendered to a particular group of affiliates,

among the members of such group). Where applicable, these costs are allocated to regulated and non-regulated affiliates using what is known as the Tier 1 allocation formulas.

Q12. What are the Tier 1 allocation formulas?

A. The Tier 1 formulas are used to divide the cost for a specific service into a set of charges, applied to each non-regulated affiliate that benefits from that service, with the balance allocated to the benefited regulated affiliates as a group. The amount of cost assigned to regulated affiliates as a group is allocated among the regulated affiliates using the Tier 2 allocation formula discussed below. There are nine different Tier 1 formulas currently in use, each with a distinct weighting of one or more factors (called "metrics") that are designed to allocate costs between non-regulated affiliates accurately, with the balance remaining to be allocated among the regulated affiliates. The Tier 1 formulas are set forth in IAWC Exhibit 5.03.

Q13. Why does the Service Company use this factor-based Tier 1 allocation method for non-regulated affiliates?

A. The formulas that form the Tier 1 methodology reflect the portion of Service Company services taken, and attendant costs incurred, by the non-regulated affiliates relative to the regulated affiliates as a group. Non-regulated subsidiaries use several Service Company services at a different level than do the regulated entities.

Q14. Have you prepared information regarding the amount of 2010 cost assigned to non-regulated affiliates?

A. Yes. As indicated above, the amount of projected 2010 cost assigned (through direct charges and the Tier 1 allocation) to non-regulated affiliates is shown on IAWC Exhibit 5.02, page 1. Page 2 of IAWC Exhibit 5.02 shows the amount of 2010 cost assigned to each affiliate.

Q15. Please explain the Tier 2 allocation methodology for regulated affiliates.

A. Common costs that benefit regulated affiliates are allocated under the Tier 2 allocation methodology in direct proportion to each affiliate's customer count. This allocation for the regulated affiliates is in accord with the Agreement.

Q16. Have you prepared information regarding the amount of 2010 projected cost assigned to regulated affiliates?

A. Yes. As indicated above, IAWC Exhibit 5.02, page 1 shows the amount of projected 2010 cost assigned (through direct charges and the Tier 2 allocation) to regulated affiliates, and to IAWC. Page 2 of IAWC Exhibit 5.02 shows the amount of cost assigned to each affiliate.

Q17. Please explain the allocation of Service Company overheads.

A. The Service Company allocates two categories of overheads: labor benefits (i.e., employee benefits costs such as payroll taxes, medical coverage, pensions, and disability insurance) and general building overhead (i.e., office rent, equipment leases, telephone expenses, electricity charges, office supply costs, property taxes, and office maintenance costs). These costs are allocated to both non-regulated and regulated affiliates. These costs are allocated in proportion to the labor costs assessed each affiliate in the three previous steps. For the regulated affiliates, this allocation methodology is in accord with the Agreement.

Service Company Cost Study – Belleville Lab Analysis

Q18. Please discuss the supplemental analysis of the costs related to the Belleville Lab.

A. Yes. As noted earlier, the Service Company Cost Study concludes that, for services that can be obtained from an affiliated or non-affiliated provider, the cost of the Service Company services provided to IAWC is below the cost that would be incurred to obtain the services from non-affiliated providers. The Service Company Cost Study evaluated hourly costs related to the Belleville Lab (which performs laboratory tests for entities in the American Water system ("AW System")) in reaching this conclusion. The Service Company Cost Study shows that, for laboratory service personnel, the cost that IAWC expects to incur through the Service Company is below the cost that IAWC would incur to procure the services of laboratory personnel from a non-affiliate provider. For lab services, however, there are outside firms that offer testing services on a per-test basis. Accordingly, the Company is supplementing the Service Company Cost Study with the Belleville Lab Cost Study, which reviews the per test costs of testing performed by the Belleville Lab. The Belleville Lab Cost Study provides additional analysis to compare the fully-allocated test cost per test (including variable and fixed costs) to per test prices from independent labs. The Belleville Lab Cost Study compares the cost of performing over 55,000 water quality tests for the AW System to the cost of obtaining the same tests from three separate independent labs. This study was prepared by me or under my direct supervision.

Q19. What were the results of the Belleville Lab Cost Study?

A summary of the results of the study are shown on Exhibit 5.04, page 2 of 3, column E. The Company has determined that the AW System would realize a total savings of $2,305,374 in water quality testing costs in 2010 by performing the tests at the Service Company's Belleville Lab, as compared to having an outside water quality testing lab perform the tests. Of this savings, IAWC would realize $207,253 in 2010, as shown on Exhibit 5.04, page 1 of 3.

Q20. Would you please discuss how the Belleville Lab Cost Study was prepared?

The first step in the study was to request proposals from outside water quality testing labs. The Company received proposals, stated in terms of a per test price, from three outside water quality testing labs for twenty-eight different water quality tests currently being performed by the Belleville Lab. The per test prices of the outside vendors were adjusted for turnaround surcharges, the electronic data requirements of the tests, the need for limited receipt days for microbial analyses, the need for multiple microbial slides and for sample disposal containers. The adjustments were made because the outside vendors quoted additional prices for these services. An escalation adjustment of 2.50% was applied to adjust the 2009 vendor prices to a level applicable for the 2010 test year. The adjusted outside vendor costs per test are shown in columns H, J and L of Exhibit 5.04, page 2 of 3. The per test costs were then applied to the total number of each test projected to be performed for the AW System in 2010 to

calculate a total cost. The total costs for each test for the outside vendors is shown in columns I, K and M of Exhibit 5.04, page 2 of 3.

The next step was to calculate the cost for the Belleville Lab to perform the necessary tests for the projected test year 2010. The Belleville Lab has 21 employees dedicated to performing the water quality testing for the AW System. Using the Service Company Cost Study information, hourly wage rates, including employee benefits were used to calculate an average hourly rate of $44.16. The hourly wage rate plus benefits was multiplied by the number of tests and the time required for performing the test. Adding the labor cost to an allocated amount of fixed overheads (depreciation, maintenance, leases, software, office supplies, etc) produces a total cost for each test performed by the Belleville Lab, as shown in Column F of Exhibit 5.04, page 2 of 3.

Q21. Is it appropriate to include fixed overhead in the per test cost?

A. Yes. The Belleville Lab's fixed overhead represents essential components, such as its building and lab equipment, that enable the Belleville Lab to provide the significant overall savings calculated on Exhibit 5.04 and discussed below. Without the building, lab equipment and other overhead components, the significant overall savings would not be possible. Thus, inclusion of the overhead in the cost per test is appropriate.

Q22. What savings are realized by utilization of the Belleville Lab?

A. As discussed above, the AW System realizes a total savings of $2,305,374 by performing the tests at the Belleville Lab, of which IAWC realizes savings of $207,253. Also shown at the bottom of Exhibit 5.04, page 2 of 3 under Columns

I, K and M is the savings realized by the Belleville Lab when compared to each individual outside vendor. For example, the savings is $3,848,439 when comparing AW to Vendor 1 ("V1"), $3,376,786 when comparing AW to Vendor 2 ("V2") and $2,685,233 when comparing AW to Vendor 3 ("V3"). Thus, the savings realized are significant.

Q23. Are the prices of certain of the individual tests available through a non-affiliated vendor lower than the AW cost?

Yes. As shown on Exhibit 5.04, page 3 of 3, there are five tests for which the outside vendor price is lower than the Belleville Lab cost. The total difference is $64,701.

Q24. Would it be cost effective to out source the five tests to one of the independent vendors?

No. The Belleville Lab has fixed costs associated with performing the required water quality tests. A small reduction in the number of tests performed for IAWC would not reduce or eliminate the fixed cost incurred by the Belleville Lab to produce the significant savings of approximately $2.3 million referenced above. Outsourcing the five tests (totaling 3,629 individual tests out of 55,522 projected for the test year) would not cause any savings in fixed costs, and so the Lab would still incur the $224,260 of fixed costs. Accordingly, in assessing whether it is cost effective for IAWC to outsource a small number of tests to a non-affiliate laboratory, the Belleville Lab cost should be compared to the combined amount of (1) the price paid to the non-affiliate laboratory for the test involved; and (2) the associated fixed overhead cost that must still be incurred. When this comparison

is made, it shows that the outsourcing of the 5 tests to a non-affiliate laboratory would increase the overall cost incurred by IAWC for laboratory testing. As shown on Exhibit 5.04, page 3 of 3, the total cost to outsource the five tests would increase costs by $160,548.

Q25. What do you conclude about the Belleville Lab Cost Study?

A. Both the Service Company Cost Study and the Belleville Lab Cost Study demonstrate that obtaining services from the Service Company is the least cost option for IAWC.

IV. RATE DESIGN

Q26. Is the Company making proposals with respect to rate design in this case?

A. Yes. The Company is making certain proposals regarding rate design that represent updates of rate design proposals the Company made in the Commission-ordered rate design investigation in Docket 08-0463 ("Docket 08-0463"). As discussed below, and by IAWC's rate design consultant Mr. Paul Herbert (IAWC Ex. 9.00), the Company is proposing to implement a rate design proposal referred to as Alternative 3A, which updates the Company's Alternative 3 rate design proposal from Docket 08-0463. The Company's rate design proposals include a proposal to move the Champaign District into Zone 1 and certain rate impact mitigation measures.

Q27. Please provide the background of Docket 08-0463.

A. On July 30, 2008, the Commission entered an Initiating Order in Docket 08-0463 (the "Initiating Order"): (i) requiring IAWC to provide updated demand factors for each rate area in which a rate increase was proposed in Docket 07-0507 and to

provide a cost of service study ("COSS"), and (ii) initiating an investigation into all aspects of the rate design of for all service areas of IAWC (water and sewer).

Following the entry of the Initiating Order, the parties to Docket 08-0463 (the Company, the People of the State of Illinois by the Illinois Attorney General, the Illinois Industrial Water Consumers, the Cities of Champaign and Urbana and the Villages of St. Joseph and Savoy, and the Staff of the Illinois Commerce Commission (together, the "Parties")), on September 23, 2008, convened a workshop ("Workshop") to discuss the approach to the Demand Study and the COSS. At the Workshop, IAWC presented a proposed methodology for a multi-year demand study ("Multi-Year Study"). IAWC also presented a proposed methodology for the COSS ("COSS Methodology"). At the Workshop and during subsequent discussions, the Parties discussed the Multi-Year Study and the COSS Methodology. With respect to the Multi-Year Study, the Parties indicated that they did not object to the methodology proposed by the Company, provided that the Commission deemed it consistent with the directives in the Initiating Order. As a result, the Parties determined that it would be appropriate to seek guidance from the Commission. The Parties therefore filed a Joint Motion for Clarification ("Joint Motion") on October 3, 2008, requesting that the Commission authorize IAWC's completion of the Demand Study required by the Initiating Order through the Multi-Year Study methodology and approve the COSS Methodology. The Commission, on October 15, 2008, issued a ruling (the "Joint Motion Ruling") granting the Joint Motion for Clarification, and determining "that it is permissible for [IAWC] to complete the demand factor study through the use of

the Multi-Year Study methodology" described in the Joint Motion, and "that it is permissible for IAWC to complete the [COSS] through the use of COSS Methodology" described in the Joint Motion.

Q28. Did IAWC complete the Demand Study and COSS in Docket 08-0463?

A. Yes. As discussed below, and in accordance with the methodologies approved by the Commission in the Joint Motion Ruling, IAWC completed a Demand Study and COSS and filed them with its direct evidence in Docket 08-0463 on January 30, 2009.

Q29. Did IAWC make rate design proposals in Docket 08-0463?

A. Yes. In its direct evidence in Docket 08-0463, the Company, in consultation with its rate design consultant, Mr. Herbert, proposed rates based on the revenue requirements authorized by the Commission in its Docket 07-0507 order ("Docket 07-0507 Order"). The Company also addressed certain rate design issues raised by the Commission in the Docket 07-0507 Order and made related rate design proposals. I will refer to the Company's rate design proposals in Docket 08-0463 as the "Docket 08-0463 Proposals".

Q30. Please describe the relationship between the Company's rate design proposals in this case and the Docket 08-0463 Proposals.

A. In this case, IAWC has updated the COSS used in Docket 08-0463 (which was based on the revenue requirements approved in Docket 07-0507) to reflect the revenue requirements proposed in this case ("Proposed Revenue Requirement"). I refer to this updated COSS as the "Updated COSS." As discussed below, IAWC is maintaining the Docket 08-0463 Proposals in this case, but has updated them

to reflect the Updated COSS (as a result of this update, IAWC is proposing to move the Champaign District to Zone 1, and is also proposing certain rate impact mitigation measures). As also discussed below, IAWC's rate design proposals in this case address the Commission's requirements regarding rate design set forth in the Docket 07-0507 Order and the Initiating Order. As discussed in Docket 08-0463, IAWC intends to move to consolidate this case with Docket 08-0463.

Q31. Has the Company prepared a demand study to provide updated demand factors for each rate area in which a rate increase is proposed in this case?

A. Yes. The Company retained Black & Veatch Corporation ("B&V"), a consultant, to prepare a demand study. The demand study was performed in accordance with the methodology approved in the Joint Motion Ruling, and provides updated demand factors for each of IAWC's rate areas. The demand study, which was also filed as part of IAWC's direct evidence in Docket 08-0463, is discussed further in the testimony of Mr. J. Rowe McKinley of B&V (IAWC Ex. 13.00), and is provided as IAWC Exhibit 13.01, attached to Mr. McKinley's testimony in this proceeding.

Q32. Did the Company prepare a COSS for this case?

A. Yes. The Company retained Mr. Paul Herbert, of Gannet Fleming, to prepare the Updated COSS. As discussed above, the Updated COSS updates the COSS provided in Docket 08-0463 based on the Proposed Revenue Requirement. The Updated COSS is discussed further in the testimony of Mr. Herbert in this case, and is provided as IAWC Exhibit 9.01, attached to Mr. Herbert's testimony in this proceeding.

Q33. Did the Company develop its rate design proposals for this case based on the Updated COSS?

A. Yes. As discussed above, the Company's proposals in this case update the Docket 08-0463 Proposals to reflect the Proposed Revenue Requirement. These proposals are discussed in detail in the Updated COSS and direct testimony of Mr. Herbert.

Q34. Describe the objectives of IAWC's rate design analysis in this proceeding.

A. The Company's rate design analysis in this case complies with the requirements regarding rate design set forth in Docket 07-0507. The Company's rate design analysis in this case also addresses the requirements of the Initiating Order in Docket 08-0463, which required IAWC to review all aspects of rate design.

Q35. What is your understanding of the Commission's concerns regarding rate design as expressed in the Docket 07-0507 Order?

A. The Docket 07-0507 Order discussed at length general considerations regarding movement towards single tariff pricing ("STP"), as well as a number of specific rate design issues, such as inclining block structures, the movement of fixed charges into the customer charge, and the implementation of demand charges for non-residential customers.

With respect to STP, the Commission, in the Docket 07-0507 Order (see pages 94-98), discussed various approaches to STP. As discussed by the Commission, one approach is to combine individual rate areas with other rate areas and develop common rates for customers in the combined group based on the group revenue requirements. Another approach is to develop uniform rates

and charges for customers, where appropriate, across rate areas, without inclusion in a combined revenue requirement. This can be accomplished by establishing, over time, (1) a common customer charge, (2) a common usage block structure, and (3) common usage rates. Other approaches include gradual steps toward STP, such as adoption of uniform miscellaneous charges for all IAWC districts and development and use of uniform and consistent tariff language and tariff books. In Docket 07-0507, IAWC agreed that it was appropriate for it to conduct an analysis of moving its downstate districts (Southern, Peoria, Streator and Pontiac) towards a uniform rate structure. The Commission therefore ordered IAWC to study certain aspects of STP, including: (i) review and analyze the usage patterns of the customer classes in each of its downstate districts and to propose a uniform block structure if appropriate, (ii) analyze common usage rates for the SPSPSB District (which presently consistent of the downstate districts and South Beloit); and (iii) analyze whether the Sterling District should be included in a STP group with the SPSPSB Districts. The Commission's Docket 07-0507 Order also approved the application of a number of uniform fees and charges, and required IAWC to revise its tariffs to make them more uniform and consistent. Taken as a whole, I understand the Commission's attention towards and requirements related to STP in the Docket 07-0507 Order to signal the Commission's interest in further consideration of the potential for movement towards STP. IAWC agrees that movement should be made towards STP where appropriate.

Q36. What are IAWC's specific proposals to address movement towards STP in this case?

A. In this proceeding, IAWC has examined both the consolidation of rate areas and the movement towards uniform customer charges, block structures and usage charges. This examination is primarily directed to the so-called "downstate" districts: Southern, Peoria, Streator, and Pontiac, which together form one of IAWC's STP areas. In Docket 07-0507, these districts were combined in a rate area with South Beloit and referred to as the SPSPSB District. For ease of reference going forward, I will refer to the downstate districts, plus South Beloit, as a single rate zone, "Zone 1." (The Company is also proposing to include Sterling and Champaign in Zone 1, as discussed below.) IAWC, however, also reviewed whether the approaches to STP discussed above could be applied to other rate areas outside Zone 1. IAWC has also addressed the other specific rate design matters discussed in the Docket 07-0507 Order.

Q37. Can you summarize the rate design areas IAWC has reviewed for this proceeding?

A. Yes. IAWC's review focused on the following rate design matters:

1. Movement of the SPSPSB District and other rate areas towards STP.

2. Study of customer charges to assess the recovery of a greater portion of fixed costs for each rate area through the customer charge.

3. Design of alternative inclining-block rate structures for each rate area.

4. Analysis of potential rate structures for non-residential customers that would include the use of demand charges in addition to customer charges and volumetric charges.

5. Study of the cost to provide public fire service for each municipality or fire district based on the cost of service allocation studies within each rate area.

6. For the Chicago Metro District – Sewer - determination of the appropriate unit rate for collection and treatment customers and collection-only customers using less than 1,000 gallons per month.

Q38. Please summarize IAWC's proposals as a result of its review of these areas.

A. As discussed in detail by Mr. Herbert, IAWC is proposing several steps towards STP, including moving Sterling and Champaign into Zone 1 and implementing uniform customer charges, block structures and usage charges in Zone 1 (with the exception of the 5/8 inch meter customer charge). The Company is also proposing to include additional fixed costs in its customer charge for all rate areas through a phase in process. For all rate areas, IAWC is proposing a one-block structure for the residential class, which would replace the present declining block structure for that class. IAWC is also proposing to set cost-based public fire charges for all rate areas except Chicago Metro – Water, and is proposing new sewer rates. IAWC is not proposing the expanded use of non-residential demand charges at this time, and intends to collect demand billing data that would allow implementation of non-residential demand charges, if appropriate, in the future.

Single Tariff Pricing

Q39. As a step towards adoption of STP, did the Company consider consolidation of rate areas?

A. Yes. As required by the Docket 07-0507 Order, IAWC considered moving Sterling into Zone 1. IAWC also re-evaluated the inclusion of South Beloit in Zone 1 and considered moving other rate areas, including Champaign, into Zone

1. As discussed by Mr. Herbert, IAWC believes, based on cost of service, that Sterling, Champaign and South Beloit should be included in Zone 1.

Q40. As a step towards adoption of STP, did the Company conduct an evaluation of the appropriateness of a single set of uniform customer charges in Zone 1?

A. Yes. As discussed by Mr. Herbert, the Company is proposing a uniform customer charge of $17.75 for Zone 1, except for Champaign and South Beloit. For South Beloit, the Company is proposing a customer of charge of $13.78, which includes a fixed purchased water charge of $0.83 per month for a 5/8 inch meter. For Champaign, the Company is proposing a 5/8-inch meter customer charge of $15.75. As discussed below, the Company is proposing inclusion of certain fixed "minimum system costs" in the customer charge. For the reasons discussed by Mr. Herbert, the Company believes that the addition of "minimum system costs" as a component of the fixed customer charge will better reflect cost of service. The proposed $1.75 minimum system charge reflects the first step of the phase-in of minimum system cost as discussed by Mr. Herbert.

Q41. As a step towards adoption of STP, did the Company review a uniform block structure for Zone 1?

A. Yes. As discussed by Mr. Herbert, the Company is proposing a uniform block structure for Zone 1. As discussed below, IAWC is proposing a one-block block structure for the residential class in all rate areas, including Zone 1.

Q42. As a step towards adoption of STP, did the Company review the extent to which common usage rates may be appropriate for Zone 1?

A. Yes. As discussed by Mr. Herbert, the Company is proposing common usage rates for Zone 1 (including Champaign and Sterling), except for South Beloit. Because South Beloit is a purchased water area, IAWC is proposing a different usage charge for South Beloit to reflect the fact that it is a purchased water area. Because South Beloit customers pay for water purchased through a purchased water rider, the usage rates for South Beloit are below those in other Zone 1 areas, to reflect the difference in approach in recovery of water supply costs.

Q43. Is the Company making any other proposals to move toward STP?

A. Yes. The Company is proposing movement towards a uniform customer charge for all districts, and is also proposing a uniform, one-block block structure for the residential customer class in all rate areas. These are discussed further below.

Customer Charges

Q44. Please further describe IAWC's review of its customer charges.

A. Although the requirement of the Docket 07-0507 order to consider uniform customer service charges only applies to the "downstate" districts (Zone 1), the rationale for uniform customer charges is that costs that the Company incurs to serve its customers that do not vary with use (such as costs for metering, meter reading, customer accounting, billing, customer service and administrative and general costs) are similar regardless of the physical location of the customers and could apply to all IAWC's rate areas. Thus, the Company considered, based on the cost of service results for each rate area, whether a uniform customer charge should be implemented in other rate areas beyond Zone 1. As discussed by Mr. Herbert, on a Company-wide cost of service basis, for a 5/8 inch meter,

the monthly customer charge would be $18.14. As discussed above, the Company also studied customer charges to assess the recovery of a greater portion of fixed costs in the customer charge, as directed by the Commission in Docket 07-0507. That review indicated that the minimum system cost referenced above should be added as a customer charge component. The Company proposes to implement a uniform customer charge for a 5/8 inch meter for Pekin and all areas in Zone 1, except Champaign and South Beloit, and move towards a uniform customer charge for Chicago Metro, Champaign, Lincoln and South Beloit.

Q45. Please further discuss the Company's proposal with respect to inclusion of minimum system cost as a component of the customer charge.

A. As discussed by Mr. Herbert, the Company is proposing that minimum system cost be included in the customer charge for all customers through a phase-in process. The first step of the phase in (inclusion of a minimum system charge of $1.75) would come at the conclusion of this proceeding. The next step would come at the conclusion of the next rate case.

Inclining Block Structures

Q46. Did the Company design alternative inclining-block rate structures for each rate area?

A. Yes. As discussed by Mr. Herbert for each rate area, the Company designed an inclining block rate structure. For non-residential customers, however, the Company does not believe that such structures properly reflect cost of service considerations. For residential customers, the Company is not proposing an

inclining block structure. The Company is, however, proposing a uniform, one-block block structure, which the Company believes better reflects the cost of service for the residential customer class. Under the one-block structure for residential customers, a high volume residential user's usage would not move into the second block where usage would be subject to a lower usage rate. The Company believes that this proposal will discourage excessive residential lawn irrigation and mitigate summer peak demand. For non-residential customers, the Company proposes to retain a declining block structure which properly reflects the cost of service for these classes.

Non-residential demand charges

Q47. Did the Company analyze potential rate structures for non-residential customers that would include the use of demand charges in addition to customer charges and volumetric charges?

A. Yes, as discussed below and in the testimony of Mr. Herbert. Example demand rates are set forth in IAWC Exhibit 9.04 sponsored by Mr. Herbert.

Q48. Does the Company presently have demand charges in its tariffs?

A. Yes. IAWC's standby tariffs (under which only one customer presently takes service) contain a monthly demand charge.

Q49. Is the Company proposing to implement other non-residential demand charges in this proceeding?

A. Not at this time. As discussed below, the Company's review indicates that there are concerns with regard to the availability of reliable water demand meters and the associated costs. In order to propose class- or customer-specific demand

charges, information regarding customer-specific demands must be collected to determine the level of revenue that would result from the application of demand charges. The Company therefore proposes to implement demand metering for certain customers deemed to be appropriate candidates for demand charges (wholesale, and, if appropriate, large industrial customers), and gather billing data for those customers. The Company proposes to present the results of this process and investigation, and propose demand charges if appropriate, in its first rate case after the present case. The Company also intends to work cooperatively with certain wholesale and large industrial customers to obtain information regarding the ability of the customers to control maximum day and maximum hour usage.

Q50. What factors will the Company consider to determine if it would be appropriate to implement demand charges?

A. The Company must further study both the cost and the reliability of the equipment that would be needed to effectively administer and bill the demand charges. As discussed above, the Company has one customer who is currently on the Standby Tariff in the Pontiac District. The Company uses a demand metering device in that location. The Company has experienced reliability issues related to the equipment that is in place to record the daily usage. Also, in Docket No. 07-0507, the Company submitted a demand study which made use of two types of demand meters that cost between $1,300 and $2,500 per meter. The Company incurred costs in connection with the operation and maintenance of these meters to resolve technical and reliability issues. Due to cost and

reliability concerns, the Company at this time does not propose to expand the use of such meters for sale-for-resale or larger industrial customer billing. The use of demand rates is not common in the water industry because of the cost and reliability of the equipment that is currently needed to implement demand rates. If the Company determines that adequate metering equipment is available, a cost for that equipment and appropriate addition to the applicable customer charge for a demand rate can be determined.

Q51. Is the Company aware of any alternative to the use of demand meters?

A. Yes. The Company is aware of the use of motorized control valves which may be used to restrict the flow of water to a customer based on a required peak day demand. For example, a customer whose peak day demand is 200,000 gallons would have a motorized control valve to prevent peak day usage above that level. Depending on the location of the metering point, the cost to install this type of device would range from $25,000 to $50,000. The use of a motorized control valve may be feasible for customers that have an alternative water supply, because this process would restrict the customer's peak daily demand on IAWC's system. Customers without an alternative supply may oppose the use of such equipment.

The Company plans to review all these factors and options and others as they become known, and based on this will make a recommendation to the Commission on the use of demand charges or flow control devices in the first rate case after the present case.

Public Fire Charges

Q52. Did the Company review the cost to provide public fire service for each municipality or fire district based on the cost of service allocation studies within each rate area?

A. Yes. Based on the review, and as discussed by Mr. Herbert, IAWC proposes to implement the public fire charges shown on Mr. Herbert's Exhibit 9.10. For the Chicago Metro District, the Company proposes to retain a single fire protection charge ($7.86) applicable to all customers. As Mr. Herbert discusses, this uniform charge is reasonable because it recovers a reasonable portion of the cost of providing fire protection to each Chicago Metro customer. As Mr. Herbert also discusses, the Company is recommending increasing the uniform fire protection charge in Chicago Metro by 75% per month. The 75% increase represents less than half of the updated cost of service for fire protection for this rate area.

Sewer Rate Design

Q53. Please explain IAWC's proposals regarding sewer rate design in the Chicago Metro District.

A. As explained by Mr. Herbert, the rate design for Chicago Metro District - Wastewater relies upon the results of the cost of service allocation presented in IAWC Exhibit 9.01. The cost allocation results show that under the allowed rates in the previous rate case, Collection Only customers are contributing revenues in excess of their costs and the Collection and Treatment and Treatment Only customers are contributing revenues far less than their allocated costs. The proposed rate design for this case therefore seeks to better align these sewer

revenues with the cost of service, and is presented in IAWC Exhibit 9.05. For Collection Only customers, the Company is proposing to not adjust the current rates, which consist of a fixed charge and a single block consumption charge. The residential fixed charge includes an allowance of 1.33 ccf or 1,000 gallons, which provides the unit rate for customers with less than 1,000 gallons of usage as referenced in the Docket 07-0507 Order. For Collection and Treatment customers, the proposed rates move revenues closer to recovering the cost of service, and include a fixed charge and a single block consumption charge for residential and a two-block consumption charge for non-residential. The residential fixed charge also includes an allowance of 1.33 ccf or 1,000 gallons.

Q54. Is IAWC making other proposals with respect to sewer rate design?

A. Yes. As discussed by Mr. Herbert, IAWC is proposing a flat per user monthly charge for Treatment Only (wholesale) customers Tinley Park and Tinley Park West.

Other Rate Design Issues

Q55. Was IAWC required to perform other reviews related to the design of its rates and charges in Docket 07-0507?

A. Yes. The Docket 07-0507 Order indicated that IAWC should submit a report regarding after-hours reconnections by district. The Docket 07-0507 Order also stated that IAWC should review the $25 home inspection fee for all districts.

Q56. Has IAWC prepared the report with respect to after-hours reconnections?

A. Yes. The report is attached as IAWC Exhibit 5.05. It shows the after-hours reconnections by district and the fees charged.

Q57. Based on its review of after-hours reconnections, does IAWC recommend a change to the after-hours reconnection charge?

A. Yes. The Company believes that a uniform reconnection charge is appropriate for after-hours reconnections. In Docket 08-0463, IAWC conducted a cost analysis to determine the appropriate level of the after-hours reconnection fee. That analysis showed that the cost of after-hours reconnections in the various areas is affected by such factors as the applicable union contract work rules (e.g., 3 hours minimum for a call-out in Chicago Metro and 2 hours in other areas) and the average travel distance required for a call-out due (2 miles for Champaign as compared to 4.5 miles for Chicago Metro or 7 miles for Peoria). IAWC has now updated this cost analysis to reflect test year level of expenses, as shown on IAWC Exhibit 5.06. In light of the emphasis on uniform charges in Docket 07-0507, IAWC is proposing, based on the updated cost analysis, to implement a uniform charge of $138 per after-hours reconnection for all rate areas. This charge represents the average cost of an after hours reconnection as shown on IAWC Exhibit 5.06.

Q58. Has IAWC reviewed the $25 home inspection fee for all districts?

A. Yes. Based on the review, IAWC has determined that customers are not requesting home inspections. No home inspections were conducted over the past three years. IAWC is therefore proposing that the home inspection fee be eliminated for all rate areas.

Q59. Is the Company proposing other changes to miscellaneous tariff charges?

A. Not at this time.

V. OTHER ISSUES

Q60. Are there other issues you would like to address?

A. Yes. I would like to address the amount of pension and other post-retirement benefits ("OPEBs") costs in the test year.

Q61. Please discuss the amounts reflected in the test year operating expense level for costs related to pensions and OPEBs.

A. In accord with the ratemaking treatment of these items approved by the Commission in past proceedings, IAWC has proposed recovery in rates as operating expenses of the accrued levels of these costs under the applicable accounting rules. These are Financial Accounting Board Statement No. 87 ("FAS 87") in the case of pension expense and Financial Accounting Board Statement No. 106 ("FAS 106") in the case of OPEB. The proposed rate recovery for these costs is based on actuarial studies that determine each respective cost.

Due to market conditions, however, the level of pension/OPEB cost increased significantly, commencing in 2009, from the level for the prior year. Based on the changed level and pattern of these costs, IAWC intends to file with the Commission a Petition seeking approval to amortize a portion of the amount of pension and OPEB costs commencing in 2009, with deferral of the unamortized balance. In this regard, IAWC believes that the pattern of these expenses is expected to be similar to that of other costs that are amortized for rate making purposes. If IAWC's proposal is approved, IAWC would seek to update the proposed level of cost recovery for these items to reflect amortization

of a portion of the 2009 and 2010 pension and OPEB costs, with inclusion of the unamortized balance of these costs in rate base. If the Commission does not approve the proposal, IAWC will seek recovery of the projected levels of these costs as reflected in the present filing.

Q62. Does this conclude your testimony?

A. Yes.

ATTACHMENT A

EDWARD J. GRUBB

Edward J. Grubb is the Rates and Regulation Director for American Water. Mr. Grubb is also the Assistant Treasurer for Illinois American Water Company.

As Rates and Regulation Director, his main responsibilities are to:

1) Plan and oversee the preparation and presentation of all rate increase applications and supporting documents and exhibits as prescribed by management policies, guidelines and regulatory commission requirements;

2) Oversee rate analyses and studies to evaluate the effect of proposed rates on the revenues, rate of return and tariff structure of the company;

3) Oversee the implementation of rate orders, including development of the revised tariff pricing necessary to produce the proposed revenue level;

4) Oversee the preparation of Company budgets and analyses;

5) Oversee the review of Company financial statements;

6) Oversee employee relations in the Finance Department, including the recommendation regarding personnel changes and the training and evaluation of assigned personnel;

7) Provide support for financial analysis of proposed acquisitions and expansion of service territory, including preparation of applicable Commission filings;

8) Assure that policies, procedures, programs, standards of performance, and approved objectives are adhered to and/or achieved including those involving safety, affirmative action, community relations, and labor relations.

Mr. Grubb has prepared rate cases and presented testimony before the Maryland Public Service Commission, West Virginia Public Service Commission, Tennessee Public Service Commission, Illinois Commerce Commission, Kentucky Public Service Commission, Iowa Utilities Board, Public Utility Commission of Ohio, Missouri Public Service Commission, Indiana Utility Regulatory Commission and the Virginia State Corporation Commission.

In June 1978, Mr. Grubb was awarded a Bachelor of Science Degree in Business Administration from Drexel University with a major in accounting. In May 1989, he was awarded a Masters of Business Administration from the University Of West Virginia College Of Graduate Studies. In September 1993, Mr. Grubb successfully completed the Certified Management Accounting program and received his certificate as a Certified Management Accountant (CMA). And, in January 1998, he successfully completed the Certified in Financial Management (CFM) program and received his certificate as a CFM from the Institute of Management Accountants.

Mr. Grubb began his career in 1978 with American Water Works Service Co., Inc. as an Internal Auditor. As an Internal Auditor, he conducted financial and procedural audits of American System operating companies. In 1983, Mr. Grubb was promoted to Rate Analyst. In 1984, he was promoted to Revenue Requirement Specialist and in 1988, Mr. Grubb was promoted to Assistant Director - Rates and Revenue. In these three positions, he has assisted, prepared and presented testimony and accounting exhibits before regulatory bodies concerning rate increase applications and other matters.

In January 1998, Mr. Grubb was promoted to the position of Comptroller of Kentucky-American Water Company. In his capacity as Comptroller, Mr. Grubb was responsible for all aspects of the accounting and regulation for the Company, including the preparation of financial statements, tax returns, and regulatory filings. In October 2000, Mr. Grubb was promoted to the Director, Rates and Planning with Missouri-American Water. In April 2008, Mr. Grubb was appointed to his current position.

Exhibit 5.01

AGREEMENT

Agreement dated January 1, 1989, between AMERICAN WATER WORKS SERVICE COMPANY, INC., a Delaware corporation (hereinafter "Service Company"), and ILLINOIS-AMERICAN WATER COMPANY, a Illinois corporation (hereinafter "Water Company").

The background of this Agreement is that:

1. Both Service Company and Water Company are subsidiaries of American Water Works Company, Inc., a Delaware corporation (hereinafter "American").

2. Water Company has been organized for and is presently engaged in the business of providing potable water as a public utility in the State of Illinois.

3. Service Company maintains an organization whose officers and employees are familiar with all facets of the water utility business, including the development, business and property of Water Company, and are experienced in the efficient management, financing, accounting and operation of water utility properties and the extension and improvement thereof. The officers and employees of Service Company are qualified to aid, assist and advise Water Company in its business operations through the services to be performed under this Agreement.

4. Service Company has provided administrative and operating services to Water Company for many years, the past 17 years pursuant to an agreement dated January 1,

1971. Because Water Company is of the opinion that it cannot obtain the same quality and diversification of services on a comparable economic basis elsewhere, it proposes to enter into a new agreement with Service Company more specifically defining the types of services available to it.

5. Service Company has entered or proposes to enter into agreements similar to this agreement with other affiliated water companies (hereinafter collectively "Water Companies").

6. The services to be rendered under this agreement are to be rendered by Service Company to Water Companies at their cost to Service Company, as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the Water Company and Service Company agree that:

ARTICLE 1. PERSONNEL AND SERVICES TO BE PROVIDED

1.1 During the term of this agreement and upon the terms and conditions hereinafter set forth, Service Company shall provide corporate guidance for Water Company. In addition to the guidance provided by the officers and employees of Service Company through the coordination of functional activities for all subsidiaries of American, the officers and employees of Service Company shall furnish and Water Company shall purchase from Service Company, the following services: Accounting, Administration, Communication, Corporate Secretarial, Engineering, Financial, Human Resources,

Information Systems, Operation, Rates and Revenue, Risk Management and Water Quality, together with such other services as Water Company and Service Company may agree; provided, however, that Water Company may perform the service with its own personnel or engage another company or person to provide those services on its behalf. Service Company by mutual consent may engage another Company or person to provide such services on its behalf.

1.2 Service Company shall employ qualified officers and employees and those persons shall be available for election by Water Company to serve as officers of Water Company.

1.3 Without limitation, services to be provided by the Service Company shall be rendered as follows:

A. Accounting: Service Company shall assist in the preparation and implementation of accounting methods and procedures to determine that they conform fully to the requirements, rules and regulations of governmental authorities having jurisdiction and review Water Company's monthly financial reports, annual reports and other reports to stockholders and to any governmental authorities. It shall advise and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal control for receipt and disbursement of funds, materials and supplies, and other assets. Service Company shall maintain accounting records as required by Water Company. When appropriate, Service Company shall cooperate and consult with Water Company's independent certified public accountants.

Service Company shall assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

Service Company shall prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by Water Company.

B. **Administration**: Service Company shall make qualified employees available to perform or assist in the performance of Water Company's corporate activities. Those employees shall keep themselves informed on all aspects of Water Company's operations and shall regularly visit Water Company's facilities. They shall make recommendations to Water Company for operating expenditures and for additions to and improvements of property, plant and equipment. They shall keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Service Company shall provide an internal audit staff for periodic audits of accounts, records, policies and procedures of Water Company and submit reports thereon.

C. **Communications**: Service Company shall recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials, (including press releases, brochures, audio visual presentations and speeches) plant tours, public exhibits and displays and other related services to inform the public.

D. **Corporate Secretarial**: Service Company shall maintain, in such places and manner as may be required by applicable law, documents of Water Company, such as minute books, charters, by-laws, contracts, deeds and other corporate records, and shall administer an orderly program of records retention. It shall maintain, or arrange for the maintenance of, records of stockholders of Water Company, prepare or arrange for the preparation of stock certificates, perform duties relating to the transfer of stock and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company shall review and may assist in the preparation of documents and reports required by Water Company such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. **Engineering**: Service Company shall advise, and provide engineering services to assist Water Company in planning for, operating, maintaining and constructing its facilities.

It shall conduct distribution system surveys and hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data.

It shall assist Water Company in the proper maintenance and protection of Water Company properties by periodic inspection of its structures, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company shall also include the conduct of field investigations as necessary to

obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of Water Company's source of supply, treatment plant, pumping stations, distribution system, and such other facilities as Water Company may request. Service Company shall provide a Materials Management Program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to Water Company and assist in the evaluation of new and existing products and application procedures.

F. **Financial**: Service Company shall assist in the development and implementation of financing programs for Water Company, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advise concerning arrangements for the sale of its securities; and assist in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. It shall prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company shall assist Water Company in cash management including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

Service Company shall provide assistance to Water Company in the preparation of all financial reports.

G. **Human Resources**: Service Company shall assist in obtaining qualified personnel for Water Company; in establishing appropriate rates of pay for those employees; and in negotiating with bargaining units representing Water Company employees. It shall carry out training programs for the development of personnel and advise and assist Water Company regarding personnel. It shall also advise and assist Water Company in regard to group employee insurance, pension and benefit plans and in the drafting or revising of those plans when required. It will keep Water Company apprised of all employment laws and develop procedures and controls to assure compliance.

H. **Information Systems**: Service Company shall make available to Water Company electronic data processing services. Those services shall include customer billing and accounting, preparation of financial statements and other reports including those required by Federal and State agencies.

I. **Operation**: Service Company shall develop and assist in the implementation of operating procedures to promote the efficient and economic operation of Water Company. Periodic operational reviews will be performed by Service Company personnel and any deviations from adopted procedures will be reported to Water Company.

J. **Rates and Revenue**: Service Company personnel shall make recommendations for changes in rates, rules and regulations and shall assist Water Company in the conduct of proceedings before, and in its compliance with the rulings of, regulatory bodies having jurisdiction over its operation. These personnel

shall keep abreast of economic and regulatory developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Rates and Revenue personnel shall assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by the Water Company and their respective regulatory commissions. Service Company shall also provide qualified personnel to testify on Water Company's behalf as required during any regulatory proceedings.

K. **Risk Management**: Service Company shall provide a Risk Management Program to review the exposures to accidental loss of the Water Company, recommend efficient methods of protection either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. It shall also supervise investigation procedures; review claims; and negotiate and assist in, and evaluate proposals for, settlement at the request of Water Company. It shall assist in the establishment of safety and security programs to avoid or minimize risk and loss.

L. **Water Quality**: Service Company shall assist Water Company to comply with standards of governmental agencies and establish and attain water quality objectives of the Water Company. It shall assist in providing design criteria for processes, coordinating with public agencies, developing approaches and solutions to water quality problems, and providing

technical assistance and general direction for Water Company personnel.

It shall also provide laboratory services for programmed analyses as required by drinking water regulations, and special analyses as required by Water Company.

ARTICLE II. PAYMENT FOR SERVICES

2.1 In consideration for the services to be rendered by Service Company as hereinabove provided, Water Company agrees to pay to Service Company the cost thereof determined as provided in this Article II and in Article III.

2.2 All costs of service rendered by Service Company personnel for Water Company or in common with other Water Companies shall be charged to Water Company based on actual time spent by those personnel as reflected in their daily time sheets or other mutually acceptable means of determination.

2.3 All costs of Service Company incurred in connection with services rendered by Service Company which can be identified and related exclusively to Water Company, shall be charged directly to Water Company.

2.4 All costs incurred in rendering services to Water Company in common with similar services to other Water Companies which cannot be identified and related exclusively to services rendered to a particular Water Company, shall be allocated among all Water Companies so served, or, in the case of costs incurred with respect to services rendered to a particular group of Water

Companies, among the members of such group, based on the number of customers served at the immediately preceding calendar year end.

2.5 Cost for support personnel (secretaries, clerical personnel, clerks, messengers, telephone operators, mail clerks, and other incidental support personnel of the Service Company) as well as the cost of lease payments, depreciation, utilities and other costs associated with leasing office space and equipment by Service Company shall be allocated among the Water Companies on the basis of the proportion of the aggregate cost allocated under Sections 2.3 and 2.4.

ARTICLE III. ALLOWANCE FOR OVERHEAD

3.1 In determining the cost to be assessed by Service Company for the rendering of services to Water Company as herein provided, there shall be added to the salaries of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the general overhead of Service Company, as defined below, properly allocable thereto. Such percentage shall be calculated each month and shall be the ratio of the total general overhead of the Service Company for the month to the total salaries of the employees for whose service charges are to be made to the Water Companies. No general overhead of Service Company shall be added to costs incurred for services of non-affiliated consultants employed by Service Company.

3.2 The term "general overhead" shall include:

(a) pension and insurance premiums paid for the benefit of Service Company employees,

(b) legal and other fees for services rendered to the Service Company,

(c) taxes,

(d) other general office supplies and other similar expenses, and

(e) interest on working capital.

ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Water Company for all amounts due from Water Company for services and expenses for such month plus an amount equal to the estimated cost of such services and expenses for the current month, all computed pursuant to Articles II and III. Such bill shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall reflect the credit for payments made on the estimated portion of the prior bill and shall be paid by Water Company within a reasonable time after receipt of the bill therefore.

4.2 Service Company agrees to keep its books and records available at all times for inspection by representatives of Water Company or by regulatory bodies having jurisdiction over Water Company.

4.3 Service Company shall at any time, upon request of Water Company, furnish any and all information required by Water Company with respect to the services rendered by Service Company

hereunder, the costs thereof, and the allocation of such costs among Water Companies.

ARTICLE V. OTHER AGREEMENTS

5.1 It is understood by Water Company that Service Company has entered or may enter into similar agreements with other Water Companies that are affiliated with American to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

5.2 It is understood by Water Company that Service Company has entered or may enter into an agreement or agreements with American and certain other companies not engaged in the water or sewer service business to which limited services are to be furnished; Water Company consents to such additional agreements, provided, however, that no part of the cost of furnishing such services will be charged to Water Company.

ARTICLE VI. TERM OF AGREEMENT

This agreement shall become effective as of the later of (a) the date first mentioned above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction in the premises. Upon becoming effective, this agreement shall be the sole agreement between the parties concerning the subject matter hereof and shall supersede all prior agreements, written or oral, including the agreement dated January 1, 1971, which shall terminate on the date this

agreement becomes effective. This agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto ninety day's notice in writing; provided, however, that this agreement shall terminate as of the date Water Company or Service Company ceases to be an affiliate of American.

IN WITNESS WHEREOF, Service Company and Water Company have caused this agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, and impressed with their respective corporate seals attested by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

ATTEST:

AMERICAN WATER WORKS SERVICE COMPANY, INC.

By _____
President

ATTEST:

ILLINOIS-AMERICAN WATER COMPANY

By _____
President

Exhibit 5.01 13

ADDENDUM I
TO AGREEMENT
DATED JANUARY 1, 1989
BETWEEN
AMERICAN WATER WORKS SERVICE COMPANY, INC.
AND
ILLINOIS-AMERICAN WATER COMPANY

WHEREAS, Illinois-American Water Company ("Illinois-American") and Northern Illinois Water Corporation ("Northern Illinois") intend to enter into a Merger Agreement under which Northern Illinois will merge with and into Illinois-American, with Illinois-American being the surviving corporation (the "Merger"), Northern Illinois and American Water Works Service Company, Inc. ("Service Company") hereby agree that, pending the effective date of the Merger, (i) Service Company will provide services to Northern Illinois in accordance with the terms of the Agreement, dated January 1, 1989 ("Service Agreement"), under which Service Company provides services to Illinois-American, and (ii) Northern Illinois will pay Service Company for such service in accordance with the terms which govern Illinois-American's payments to Service Company under the Service Agreement. This Addendum I is subject to approval by the Illinois Commerce Commission (the "Commission"). This Addendum I shall become effective on the date that it is approved by the Commission and shall terminate on the date the Merger becomes effective.

ATTEST:

AMERICAN WATER WORKS SERVICE COMPANY, INC.

By: _____

ATTEST:

NORTHERN ILLINOIS WATER CORPORATION

By: _____

Dated: July 1, 1999

Illinois American Water
Allocation of Service Company Costs
Forecasted Test Year 2010

Exhibit 5.02

Service Categories (1)	Total Service Company Costs	Non-regulated Cost Assignment	Regulated Cost Assignment	IAWC Cost Assignment
Communications and External Affairs	$ 9,016,852	$ 464,838	$ 8,552,014	$ 662,821
Corporate Finance	29,859,244	940,322	28,918,922	2,806,645
Customer Service Ctr	56,805,673	829,943	55,975,730	4,945,793
Div Ops Support & Reg Ops	7,079,698	0	7,079,698	1,627,078
Human Resources	14,960,576	626,053	14,334,524	1,447,122
ITS	53,054,867	1,914,627	51,140,239	4,672,238
Legal	11,784,975	496,476	11,288,499	1,062,187
Operations Services	47,723,639	1,411,459	46,312,181	4,062,862
Shared Services Ctr	27,556,591	2,741,699	24,814,892	2,094,883
Other	15,918,346	3,505,034	12,413,311	1,545,736
Total	$ 273,760,462	$ 12,930,452	$ 260,830,010	$ 24,927,364

(1) Each area of service is discussed in the Direct Testimony of Mr. John Young (IAWC Exhibit 12.0)

Illinois American Water **Exhibit 5.02**
Allocation of Service Company Costs
Forecasted Test Year 2010

Company	Cost Assignment
Non-regulated	
American Water Works	$ 1,762,120
American Water Resources	152,630
AWE	10,024,668
Edison	375,191
Liberty	571,246
Etown Services	44,597
Total	$ 12,930,452
Regulated	
Arizona	$ 14,462,906
California	14,759,805
Hawaii	998,079
Illinois	24,927,364
Indiana	25,571,851
Iowa	4,655,677
Kentucky	9,380,260
Long Island	5,330,822
Maryland	479,139
Michigan	256,479
Missouri	34,675,836
New Jersey	47,995,037
New Mexico	1,782,835
Ohio	4,653,017
Pennsylvania	46,217,671
Tennessee	6,151,601
Virginia	4,927,786
Texas	387,788
West Virginia	13,008,059
Virginia East (VA)	207,998
	$ 260,830,010

Exhibit 5.03

Illinois American Water

Tier 1 Allocators – American Water Works Service Company

FORMULAS SELECTED FOR ALLOCATING TIER ONE CHARGES

Where possible, Service Company employees charge the cost of a service to a specific affiliate directly ("Direct Charge"). Where Service Company employees provide common services that benefit a group of both regulated and non-regulated Business Units, the Tier 1 Allocator formulas will be used to allocate the cost of providing the common services (i.e., the Tier One allocation). Tier One metrics are designed to ensure a fair and appropriate allocation of costs between regulated and unregulated Business Units within the American Water System who are receiving services from the Service Company.

Listed below are the Tier 1 Allocators:

3-Factor Formula – Uses the following metrics: (1) operating revenues, (2) net property, plant and equipment and (3) employees, which are common to the operation of regulated and non-regulated Business Units. The metrics are equally weighted within the formula. Also, these metrics will only include those non-regulated Business Units that are receiving service.

2-Factor Formula – Uses the following metrics: (1) operating revenues and (2) employees. The metrics are equally weighted within the formula. Also, these metrics will only include those non-regulated Business Units that are receiving services.

Revenue Factor – Uses the following metric: operating revenues as a surrogate for customers because certain of the non-regulated affiliates do not have their own customers. Also, this metric will only include those non-regulated Business Units that are receiving services.

Total Premises Factor – Includes the metric: number of premises maintained on the AS 400 database. This metric will only include those non-regulated Business Units that are receiving service.

Employee Factor – Includes the metric: number of employees. This metric will only include those non-regulated Business Units that are receiving service.

Budgeted Capital Projects and Engineering Project Management Factor - Includes the metric: dollar value of budgeted capital expenditures for the year. This metric will only include those non-regulated Business Units that are receiving service.

Accounts Payable Factor – Includes the metric: number of invoices, purchase orders and P-Card transactions processed on an annual basis. This metric will only include those non-regulated Business Units that are receiving service.

Employee and Retiree Factor - Includes the metric: Sum of the number of employees and the number of retirees. This metric will only include those non-regulated Business Units that are receiving service.

Purchasing Factor – Includes the metric: number of purchase orders created on an annual basis. This metric will only include those non-regulated Business Units that are receiving service.

Illinois American Water
2010 Belleville Lab Cost Study
Service Company Cost Study

Exhibit No. 5.04
Page 1 of 3

Test Name (A)	Belleville Lab Cost (A)	Lowest Cost Vendor (B)	Overall Lowest Cost (C)	Vendor Lowest Cost (D)	AW Savings (E)
Carbamates	$ 51,266	AW	$ 51,266	$ 60,447	$ 9,181
Crypto/Giardia	79,720	AW	79,720	301,901	222,181
Cyanide	26,554	AW	26,554	28,704	2,150
Diquat	72,151	AW	72,151	76,357	4,206
EDB/DBCP	38,766	V2	30,046	30,046	(8,719)
Endothall	59,615	AW	59,615	59,664	49
Glyphosate	35,724	AW	35,724	43,716	7,992
HAA's	460,130	AW	460,130	817,762	357,631
Herbicides	191,898	V2	185,795	185,795	(6,103)
IC-DBP's	22,671	AW	22,671	133,014	110,344
IC-Minerals	108,407	AW	108,407	148,766	40,359
ICP	275,378	AW	275,378	512,076	236,698
ICPMS	285,524	AW	285,524	761,965	476,441
Lead & Copper	102,466	AW	102,466	110,360	7,894
Mercury	58,140	V1	38,085	38,085	(20,055)
Nitrate & Nitrite	68,510	AW	68,510	92,323	23,813
PCB's	50,842	V1	39,163	39,163	(11,679)
Perchlorates	21,021	AW	21,021	22,509	1,488
Radon	15,494	AW	15,494	31,658	16,164
Semi-Volatiles	151,922	AW	151,922	388,089	236,167
TOC	114,980	AW	114,980	144,483	29,504
TTHM's	213,509	AW	213,509	331,589	118,081
UV254	20,140	AW	20,140	26,715	6,575
Volatiles	174,670	AW	174,670	536,406	361,736
UCMR Degrad.*	98,799	V1	81,284	81,284	(17,516)
UCMR Explosive *	85,796	AW	85,796	103,115	17,319
UCMR Flame Ret *	74,454	AW	74,454	117,260	42,806
UCMR Nitro *	57,274	AW	57,274	97,940	40,666
Total	$ 3,015,819		$ 2,951,748	$ 5,321,194	$ 2,305,374

IL American's Portion of Savings $ 207,253

Illinois American Water
2010 Belleville Lab Cost Study
Service Company Cost Study

Exhibit No. 5.04
Page 2 of 3

Test Name (A)	Test Time Hrs / Sample (B)	2010 # of Tests Projected (3) (C)	Average labor Cost Per Sample (D)	Building and Other Overheads (2) (E)	Total Sampling Cost for Belleville Lab (F)	Belleville Avg Cost per Test Method (G)	V1 Cost per per Test Method (1) (H)	Total Cost for V1 Lab (I)	V2 Cost per per Test Method (1) (J)	Total Cost for V2 Lab (K)	V3 Cost per per Test Method (1) (L)	Total Cost for V3 Lab (M)
Carbamates	1.10	484	$ 48.57	$ 27,756	$ 51,266	$ 105.92	$ 165.35	$ 80,029	$ 135.55	$ 65,606	$ 124.89	$ 60,447
Crypto/Giardia	1.30	653	57.41	42,234	79,720	122.08	462.33	301,901	480.34	313,662	480.34	313,662
Cyanide	0.20	800	8.83	19,489	26,554	33.19	35.88	28,704	51.25	41,000	41.00	32,800
Diquat	1.30	591	57.41	38,224	72,151	122.08	139.80	82,622	134.50	79,490	129.20	76,357
EDB/DBCP	1.00	546	44.16	14,655	38,766	71.00	81.48	44,488	55.03	30,046	84.65	46,219
Endothall	1.40	458	61.82	31,301	59,615	130.16	135.59	62,100	135.59	62,100	130.27	59,664
Glyphosate	0.90	398	39.74	19,907	35,724	89.76	109.84	43,716	136.57	54,355	125.88	50,100
HAA's	0.70	6,252	30.91	266,875	460,130	73.60	146.29	914,605	130.80	817,762	130.80	817,762
Herbicides	1.80	1,181	79.49	98,025	191,898	162.49	183.37	216,560	157.32	185,795	157.32	185,795
IC-DBP's	0.20	683	8.83	16,639	22,671	33.19	194.75	133,014	194.75	133,014	194.75	133,014
IC-Minerals	0.20	3,266	8.83	79,563	108,407	33.19	56.94	185,966	45.55	148,766	68.33	223,166
ICP	0.30	6,672	13.25	186,990	275,378	41.27	113.18	755,137	97.57	650,987	76.75	512,076
ICPMS	0.20	8,602	8.83	209,553	285,524	33.19	192.94	1,659,670	161.63	1,390,341	88.58	761,965
Lead & Copper	0.20	3,087	8.83	75,202	102,466	33.19	35.75	110,360	35.75	110,360	35.75	110,360
Mercury	0.40	1,178	17.66	37,332	58,140	49.35	32.33	38,085	32.33	38,085	32.33	38,085
Nitrate & Nitrite	0.20	2,064	8.83	50,281	68,510	33.19	71.35	147,266	44.73	92,323	58.05	119,815
PCB's	1.10	480	48.57	27,526	50,842	105.92	81.59	39,163	187.18	89,846	129.11	61,973
Perchlorates	0.50	366	22.08	12,940	21,021	57.44	128.13	46,896	61.50	22,509	92.25	33,764
Radon	0.10	617	4.42	12,769	15,494	25.11	76.98	47,497	51.31	31,658	76.98	47,497
Semi-Volatiles	0.80	1,860	35.33	86,214	151,922	81.68	234.65	436,449	208.65	388,089	250.25	465,465
TOC	0.20	3,464	8.83	84,387	114,980	33.19	41.71	144,483	61.14	211,789	41.71	144,483
TTHM's	0.30	5,173	13.25	144,979	213,509	41.27	64.10	331,589	69.27	358,334	84.77	438,515
UV254	0.10	802	4.42	16,598	20,140	25.11	33.31	26,715	46.64	37,405	39.98	32,064
Volatiles	0.30	4,232	13.25	118,606	174,670	41.27	131.93	558,328	131.93	558,328	126.75	536,406
UCMR Degrad.*	4.80	244	211.96	47,081	98,799	404.91	333.13	81,284	410.00	100,040		81,284
UCMR Explosive *	1.90	503	83.90	43,594	85,796	170.57	205.00	103,115	205.00	103,115		103,115
UCMR Flame Ret *	1.40	572	61.82	39,091	74,454	130.16	256.25	146,575	205.00	117,260		117,260
UCMR Nitro *	2.20	294	97.15	28,713	57,274	194.81	333.13	97,940	410.00	120,540		97,940
Total		55,522		$ 1,876,524	$ 3,015,819			$ 6,864,258		$ 6,352,606		$ 5,701,052

*** Minimum Cost for V1 and V2 Utilized for V3**

Belleville Labor Cost / Hr: $ 44.16

(1) Per sample cost adjusted for add-on costs

(2) Based on # of tests and the time required to perform tests

AW Cost Savings $ 3,848,439 $ 3,336,786 $ 2,685,233

(3) Based on a 5% increase from 2008

Illinois American Water
2010 Belleville Lab Cost Study
Service Company Cost Study

Exhibit No. 5.04
Page 3 of 3

Test Name (A)	Outside Vendor Cost (B)	Fixed Overhead (C)	Vendor Cost + Fixed Cost (D)	AW Cost (E)	Increased Cost to Out Source (F)
Carbamates					
Crypto/Giardia					
Cyanide					
Diquat					
EDB/DBCP	30,046	14,655	44,701	38,766	5,936
Endothall					
Glyphosate					
HAA's					
Herbicides	185,795	98,025	283,820	191,898	91,923
IC-DBP's					
IC-Minerals					
ICP					
ICPMS					
Lead & Copper					
Mercury	38,085	37,332	75,417	58,140	17,277
Nitrate & Nitrite					
PCB's	39,163	27,526	66,690	50,842	15,847
Perchlorates					
Radon					
Semi-Volatiles					
TOC					
TTHM's					
UV254					
Volatiles					
UCMR Degrad.*	81,284	47,081	128,364	98,799	29,565
UCMR Explosive *					
UCMR Flame Ret *					
UCMR Nitro *					
Total	$ 374,373	$ 224,620	$ 598,993	$ 438,444	$ 160,548

IL American's Portion of Cost of Outsourcing Testing $ 14,433

Exhibit 5.05

Illinois American Water
Report on After Hour Reconnects for 2008

District	# After Hour Reconnects	Revenues	Reconnection Fee By Area
Champaign	231	$18,942	$82
Streator	40	3,280	$82
Sterling	38	3,116	$82
Pontiac	35	2,870	$82
Pekin	60	6,000	$100
Peoria	177	17,700	$100
Lincoln	24	1,368	$57
Alton	98	9,800	$100
Cairo	5	375	$75
Interurban	526	52,600	$100
Chicago Metro	279	27,900	$100
S. Beloit	0	0	$100
	1,513	$143,951	

Illinois-American Water **IAWC Exhibit 5.06**
Calculation of After Hours Reconnect Fee

	Champaign	Alton	Streator	Cairo	Sterling	Pontiac	Pekin	Peoria	Lincoln	Chicago Metro	S Beloit	Interurban E. St. Louis	Interurban Belleville	Interurban Granite Cty
After Hour Reconnect														
Labor Rate (1)	$25.06	$25.65	$24.85	$22.19	$21.44	$26.87	$25.53	$26.46	$24.11	$25.09	$24.00	$24.07	$24.54	$24.15
Persons (2)	1	1	1	1	1	1	1	1	1	1	1	2	1	1
Time (hrs) (3)	2	2	2	2	2	2	2	2	2	3	2	2	2	2
Multiplier (4)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Labor per AH Reconnect	$75.18	$76.95	$74.55	$66.57	$64.32	$80.61	$76.59	$79.38	$72.33	$112.91	$72.00	$144.42	$73.62	$72.45
Call Center														
Labor Rate (5)	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27	$ 16.27
Time (hrs) (6)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Avg Call Center Cost per Call	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63	$ 1.63
Reconnect Overhead														
Labor Cost	$75.18	$76.95	$74.55	$66.57	$64.32	$80.61	$76.59	$79.38	$72.33	$112.91	$72.00	$144.42	$73.62	$72.45
Overhead Rate (7)	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%	63.49%
Overhead	$47.73	$48.85	$47.33	$42.26	$40.84	$51.18	$48.63	$50.40	$45.92	$71.68	$45.71	$91.69	$46.74	$46.00
Call Center Overhead														
Labor Cost	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63	$1.63
Overhead Rate (7)	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%	49.41%
Overhead	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80
Travel Cost														
Avg Miles/Service Call (one way) (8)	2.0	3.5	2.5	1.0	2.0	1.5	4.0	7.0	1.0	4.5	2.0	4.0	4.0	4.0
IRS fee/mile 2009 (9)	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55	$ 0.55
Cost	$ 1.10	$ 1.93	$ 1.38	$ 0.55	$ 1.10	$ 0.83	$ 2.20	$ 3.85	$ 0.55	$ 2.48	$ 1.10	$ 2.20	$ 2.20	$ 2.20
x2 (round trip)	$ 2.20	$ 3.85	$ 2.75	$ 1.10	$ 2.20	$ 1.65	$ 4.40	$ 7.70	$ 1.10	$ 4.95	$ 2.20	$ 4.40	$ 4.40	$ 4.40
Total	**$127.54**	**$132.08**	**$127.06**	**$112.36**	**$109.79**	**$135.87**	**$132.05**	**$139.91**	**$121.78**	**$191.97**	**$122.34**	**$242.94**	**$127.19**	**$125.28**
Truncated Rate	**$127.00**	**$132.00**	**$127.00**	**$112.00**	**$109.00**	**$135.00**	**$132.00**	**$139.00**	**$121.00**	**$191.00**	**$122.00**	**$242.00**	**$127.00**	**$125.00**

Uniform Charge:	**$138.00**

1 Reconnect hourly rate is actual 2008 union rate increased by 3% per year or actual 2010 union rate where available..
2 Persons required per reconnect is per union contract
3 Time required per after hours reconnect are per union contract
4 Multiplier represents hourly wage multiplier. Time and one half required for after hour reconnect per union contract.
5 Call Center hourly rate is forecasted 2010 average rate.
6 Call Center time is actual average 2008 service call time.
7 Overhead rate includes: Pension, OPEB, 401k, Workers Comp, Payroll Taxes and Group Insurance
8 Average Miles per service call is per discussion with Operations personnel.
9 Travel cost fee per mile per 2009 IRS rate.

ILLINOIS COMMERCE COMMISSION

IAWC EXHIBIT 10.00

DIRECT TESTIMONY OF
BERNARD L. UFFELMAN

ILLINOIS-AMERICAN WATER COMPANY

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DIRECT TESTIMONY OF BERNARD L. UFFELMAN **IAWC EXHIBIT 10.00**

I. WITNESS INTRODUCTION

Q1. Please state your name and business address.

A. My name is Bernard L. Uffelman. My business address is 32 Autumn Oaks Drive, Austin, Texas 78738.

Q2. By whom and in what capacity are you employed?

A. I am President of Uffelman Advisory Services, LLC, a firm that specializes in energy and utility regulatory and litigation support services.

Q3. Please summarize your educational background and professional affiliations.

A. I received a Bachelor of Science degree in accounting from Southern Illinois University and a Master of Business Administration degree in finance from Illinois State University. I am a certified public accountant ("CPA") and a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants. I am a licensed CPA in Illinois and Texas.

Q4. Please summarize your professional work experience.

A. I have been associated with the regulated utilities industry for over 38 years. My experience includes that as an employee of major investor-owned electric and gas utilities, Chief Accountant of the Illinois Commerce Commission ("Commission"), Director of Accounting for the Public Utility Commission of Texas, and consultant to public utility commissions, interveners and utilities. As a staff member of the Illinois and Texas Commissions, I have advised commissioners on accounting, financial and

tax policy and have recommended ratemaking treatment for complex regulatory issues. Prior to my retirement from Deloitte & Touche LLP ("Deloitte & Touche") in August 2008, I was a Partner at the firm and the U.S. Regulatory Services Leader for Deloitte & Touche's Energy & Resources Practice, where my primary responsibilities included regulatory accounting, revenue requirements development, regulatory and litigation support, cost allocation, affiliate transactions and codes of conduct, financial and business planning, and strategic services.

I served as a contributing author to Accounting for Public Utilities (LexisNexis) and have co-authored other industry publications. I have moderated and participated in panel discussions on various industry topics, and have presented papers on various utility issues in numerous forums. I am a past member of the National Association of Regulatory Utility Commissioners' ("NARUC") Staff Subcommittee on Accounts. I served as Chairman of the Natural Gas, Telecommunications and Electric Industries Committee of the Texas Society of Certified Public Accountants. I served on the Public Utilities Advisory Committee for the University of Texas Regulatory Institute, Graduate School of Business and as an instructor for the Institute. I also served on the Advisory Council for the Center for Public Utilities at New Mexico State University. I have conducted utility regulatory and ratemaking training sessions for the staffs of several state public utility commissions, and presented white papers on utility issues before several regulatory bodies including the NARUC.

Q5. Have you previously testified as an expert witness before regulatory bodies?

A. Yes. I have presented testimony regarding utility matters before the Illinois, Alaska, Arizona, California, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Nevada, New Jersey, New Mexico, New York, Oklahoma, Oregon and Texas public utility commissions. I have testified before the Illinois Legislature; the Texas Railroad Commission; the Supreme Court of the State of New York; the Superior Court of the State of California; the Circuit Courts for Baltimore, Maryland and Cook County, Illinois; the US District Court for Colorado; the King County, Seattle, Washington franchise authority; the City Council of Garland, Texas; and the Board of Water and Power Commissioners, the Commerce, Energy and Natural Resources Committee, and the City Council of the City of Los Angeles, California. A listing of the regulatory jurisdictions and proceedings in which I have testified and the issues addressed are shown in attached Appendix A, which includes a complete copy of my resume.

II. PURPOSE OF TESTIMONY

Q6. What is the purpose of your testimony?

A. The purpose of my Direct Testimony is to discuss the Service Company Cost Study ("Study") performed by Deloitte & Touche, which is marked as IAWC Exhibit 11.01. I am jointly sponsoring the Study with Mr. Mark Young of Deloitte & Touche. I also provide a brief summary of the conclusions reached in the Study.

Q7. What was your role in the preparation of the Study?

A. I was engaged by Deloitte & Touche to work directly with Mr. Young in preparing the Study.

Q.8 Please discuss the Study.

A. The Study was prepared in response to the Illinois Commerce Commission's ("Commission") Order of July 30, 2008 in Docket 07-0507 that Illinois-American Water Company ("IAWC"):

> "...conduct a study comparing the cost of each service obtained from the Service Company to the costs of such services had they been obtained through competitive bidding on the open market. As part of the study, IAWC must also provide an analysis of the services provided by the Service Company to all of IAWC's affiliates. The analysis must provide details on the specific services provided to IAWC and how costs are allocated among affiliates of IAWC. IAWC shall include the study in its next rate filing."[1]

As the testimony of IAWC's President, Ms. Teasley, explains, in response to this requirement, IAWC has presented the testimony of five witnesses, including the testimony of Mr. Mark Young and myself, who sponsor the Study.

As Ms. Teasley explains, in procuring services, IAWC's practice is to provide support for utility operations based on considerations of cost-effectiveness, timeliness, reliability and adequacy. For certain services, IAWC is able to maintain adequate service quality and achieve efficiencies through the use of qualified third-party providers (i.e., American Water Works Service Company, Inc. ("AWWSC") or a non-affiliate provider). As

[1] Illinois Commerce Commission Docket 07-0507, Section IV. B. 6. d

Ms. Teasley indicates, for certain services that can be outsourced, IAWC has determined that use of a non-affiliate provider is not feasible. For the reasons Ms. Teasley explains, the services in this category include corporate governance, the customer service center, and the employee benefits call center. Ms. Teasley sponsors a study that compares the cost incurred by IAWC in obtaining these, and other services, from AWWSC to the market cost that IAWC would incur if it were to itself retain the personnel needed to provide these services on a stand-alone basis ("Self Provision Study"). Thus the Self Provision Study provides the applicable market comparison for services that cannot be outsourced to non-affiliates. The required market comparison for services that IAWC can effectively outsource to either an affiliate or non-affiliate provider is the subject of the Study.

As discussed above, the Self Provision Study provides the applicable market comparison for IAWC's customer service center-related cost (comparing the cost incurred by IAWC to obtain this service from AWWSC to the cost for self-provisioning, i.e., the cost to IAWC of retaining the needed personnel in the market to provide this service on a stand-alone basis). In addition to the market comparison for services that IAWC can outsource to either an affiliate or non-affiliate providers, the Study provides an additional analysis of customer service center costs that supports the Self Provision Study sponsored by Ms. Teasley. The additional analysis performed by Deloitte & Touche provides a comparison

of IAWC's customer service cost to the customer service costs reported by other utilities in narrowly defined customer accounts for providing comparable services. Although not a market cost comparison for this type of service, the additional analysis demonstrates that IAWC's customer service cost to obtain this service through AWWSC is below the average level of cost incurred by other utilities for this function.

III. STUDY CONCLUSIONS

Q9. Please summarize the Study conclusions.

A. The provision of services to IAWC through the Service Company results in significant cost benefits to IAWC. Based on the Market Analysis described in the Study, the cost savings expected to be realized by IAWC during the future test year ending December 31, 2010 from obtaining certain professional and managerial services through the Service Company, when compared to the costs of acquiring such services in the open market from third-party service providers, amount to $ 7.692 million. The net savings expected to be realized by IAWC results from the Service Company's ability to provide services at a cost which is lower than the projected market cost of such services.

Q10. Does this conclude your Direct Testimony?

A. Yes, it does.

Appendix A

Bernard L. Uffelman

President
Uffelman Advisory Services, LLC
Austin, Texas
(512) 608-9005
bluffelman@austin.rr.com

Professional Experience

Mr. Uffelman is President of Uffelman Advisory Services, LLC, a firm that specializes in energy and utility regulatory and litigation support services. Prior to his retirement from Deloitte & Touche LLP, Mr. Uffelman was a Partner and the U.S. Regulatory Services Leader for Deloitte & Touche's Energy & Resources Practice. Mr. Uffelman has been associated with the regulated utilities industry for over 38 years, including experience as an employee of major investor-owned utilities. Mr. Uffelman also served as Chief Accountant of the Illinois Commerce Commission and Director of Accounting for the Public Utility Commission of Texas. His primary responsibilities have included regulatory accounting, revenue requirements development, regulatory and litigation support, financial and business planning, and strategic services. Mr. Uffelman has testified on utility industry issues before public utility commissions and courts in 20 states and in over 60 different proceedings.

Major Projects

- Managed the accounting divisions of two state public utility regulatory commissions. Directed the staff's review of rate filing packages of electric, gas, telephone, and water utilities. Managed the preparation of staff's case in such areas as accounting, tax, rate of return, depreciation, fuel, cost allocation, rate design, forecasted test periods, and financial integrity. Presented testimony as a commission witness in rate cases and other dockets. Recommended accounting, financial and tax policy to commissioners and prescribed ratemaking treatment for complex regulatory issues.

- Participated as a member of a multi-disciplinary team of consultants and attorneys in developing the regulatory strategy and approach for the combination of two large multi-state electric utilities. Addressed the affiliate transaction and cost allocation issues associated with the merger of two electric registered public utility holding companies. Testified to the regulatory treatment for the gain resulting from the sale of a utility's jurisdictional operations. Testified to the proper accounting and ratemaking treatment for production maintenance costs of a large public power association. Developed the price-cap ratemaking methodology for privatization of a government owned island electric utility. Reviewed internal controls related to an

electric utility's fuel procurement, trading operations and fuel adjustment clause filings.

- Testified to a gas company's rate case revenue requirement levels and proposed ratemaking for adoption of Statement of Financial Accounting Standards No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions." Testified to the reasonableness of a gas company's and a water utility's postretirement benefits. Presented a seminar on SFAS 106 to the parties to Hawaii Public Utilities Commission Docket No. 7243.

- Managed the review of a State Uniform System of Accounts (USOA) and recommended changes to comply with the FERC USOA. Worked with utilities to modify their accounting systems to track specific costs as required by public utility commissions. Represented the NARUC accounting committee in developing a USOA for the cellular telecommunications industry. Assisted utilities with regulatory filings with the FERC.

- Testified to deferred accounting treatment (DAT) for plant costs until such time as the generating unit was recognized as plant in service for cost of service and ratemaking purposes. Reviewed the DAT used by a large municipal power agency and the effects of the accounting deferrals on the agency's future rates. Participated in the analysis and implementation of a phase-in plan to rate base a major electric generating station. Chaired the revenue requirements committee of a major electric utility's rate moderation task force responsible for moderating the rate effect of rate basing the utility's three nuclear generating units. Participated as a commission staff member in the prudency reviews of nuclear generating stations. Analyzed and testified to the financial impact on shareholders and rate payers of deregulating a utility's nuclear generating facilities.

- Assisted Cable TV operators to respond with reply comments to the FCC's Notice of Proposed Rule making regarding re-regulation of cable service and cost-of-service standards resulting from the Cable Television Act of 1992. Assisted operators with calculating permitted rates for regulated cable programming services and equipment charges. Testified in Cable TV franchise renewal and late fee proceedings.

- Conducted a national survey and analysis of state commission cost allocation issues and transfer pricing policies. Analyzed the appropriate capital structure to support the utility related operations of a major electric utility's fuel subsidiary. Analyzed and testified to an electric utility's financial reorganization plan and the prudence of its coal contracts. Performed affiliate transaction and cost allocation reviews for major electric, gas, and water utilities. Testified to affiliate transactions, cost allocations, transfer pricing, and accounting control systems for several major electric and gas utilities. Testified to the reasonable and prudently incurred costs of a major gas distribution company's customer information system.

- Responded to a public utility commission's request for information regarding the effects of the Tax Reform Act of 1986 on a major electric utility. Conducted a nationwide survey of U.S. public utility regulators to determine the predominant practice of each of the nation's public utility regulatory commissions regarding the use of certain non-traditional approaches to the calculation of federal income taxes for ratemaking purposes. Testified to the continued use and application of the traditional "stand-alone" method (as opposed to a consolidated effective tax rate method) for computing the income tax component of cost of service. Responded to a public utility commission's request for comments regarding the commission's rules on depreciation methods.

- Directed the review of the outside customer accounts collection function for a large multi-state gas distribution company including the review of the use of third party collection agencies. Directed the regulatory and ratemaking assessment related to the acquisition of water and wastewater properties by a major real estate developer. Testified on behalf of a major real estate developer in support of the developer's request to finance water and wastewater utility plant additions. Reviewed a major gas and electric utility's legal services function and made recommendations as to the appropriate use of in-house and outside counsel to achieve cost reductions. Analyzed the financial and regulatory effects of an innovative marketing/financing arrangement for a major electric utility. Performed an analysis and comparison of a major utility's present and projected electric rates to those of other utilities.

- Provided litigation support in electric, gas, and water contract rate disputes. Provided litigation support in an electric utility property tax dispute and a mining company lignite contract dispute. Prepared rate filing packages for major electric and gas distribution companies. These filings included revenue requirements, cost of service studies, testimony, exhibits and financial statements. Conducted a management audit of a large southwestern electric utility. Testified to the reliability of a company's GRC filings for ratemaking purposes. Prepared and testified to lead-lag studies for major electric and gas utilities.

- Assisted a Regional Bell Operating Company (RBOC) in responding to a state commission mandated regulatory audit. Regulatory assistance included direct and reply testimony responding to various issues raised by the audit. Managed the review of internal controls to prevent customer "slamming" for a large long-distance reseller and assisted the Company in obtaining an operating license to provide local service.

- Directed the accounting, budgeting, and financial functions associated with project accounting as a member of the project construction team of a major electric utility. Directed the cash accounting and cash management functions of a major utility, including investments, borrowings, and commercial bank relations. Supervised internal audits of a major electric and gas utility, prepared audit reports and conducted management audit conferences.

Mr. Uffelman has provided client services to a number of regulated and non-regulated entities including:

AGL Resources
Amerada Hess
American Electric Power Co., Inc.
American Water
AT&T Tele-Communications, Inc.
Atmos Energy
Austin Energy
Big Rivers Electric Corporation
Brazos River Authority
Cablevision Systems Corporation
Cayman Island Government
Centel (Electric Utility Business)
Chugach Electric Association, Inc.
Citizens Utilities Company
City of Garland, Texas
City Utilities, Springfield, Missouri
CLECO Corporation
Commonwealth Edison
Corning Natural Gas Corporation
Duquesne Light Company
Edison Electric Institute
Elizabethtown Gas Company
El Paso Electric Company
ENSERCH (Lone Star Gas)
Energy East
Entergy
EXCEL Communications, Inc.
FPL Group Inc.
Great Plains Energy
Hawaiian Electric Company
Indianapolis Water Company
Japanese Ministry of Economics
KKR Group
Los Angeles DWP
Lower Colorado River Authority
MidAmerican Energy Company
Mirant
NARUC
National Cable Television Assoc.
New York Power Authority
OGE Energy Corp.
ONEOK Inc. (KGS and ONG)
Pacific Gas and Electric Company
PacifiCorp
Progress Energy Florida
Public Service Electric and Gas
Reliant Energy
Robson Communities Utilities
SBC
Sempra Energy
Sierra Pacific Resources
Southern Company
Southwest Gas Corporation
Tennessee Valley Authority
Texas-New Mexico Power Company
The Carlyle Group
Texas Utilities Company
United Water Resources
Waste Management, Inc.
Xcel Energy

Testimony

- Testified before the Alaska, Arizona, California, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Nevada, New Jersey, New Mexico, New York, Oklahoma, Oregon and Texas public utility commissions. Testified before the Illinois Legislature; the Texas Railroad Commission; the Supreme Court of the State of New York; the Superior Court of the State of California; the Circuit Courts for Baltimore, Maryland and Cook County, Illinois; the US District Court for Colorado; the King County, Seattle, Washington franchise authority; the City Council of Garland, Texas; and the Board of Water and Power Commissioners, the Commerce, Energy and

Natural Resources Committee, and the City Council of the City of Los Angeles, California.

Certifications and Memberships

- Certified Public Accountant and member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants
- Licensed Certified Public Accountant in Illinois and Texas
- Completed the National Association of Regulatory Utility Commissioners (NARUC) Annual Regulatory Studies Program
- Served as a member of the NARUC Staff Subcommittee on Accounts
- Served as Chairman of the Texas Society of Certified Public Accountants Natural Gas, Telecommunications, and Electric Industries Committee
- Served on the University of Texas Regulatory Institute Advisory Committee and as an instructor for the University of Texas Regulatory Institute
- Served on the Advisory Council for the Center for Public Utilities at New Mexico State University
- Moderated and participated in panel discussions on numerous industry topics

Education

- Illinois State University (MBA - Finance)
- Southern Illinois University (BS - Accounting)

Presentations

- *Regulated Utility Training*, Vectren Corporation, Evansville, Indiana, November 29, 2007
- *Ratemaking and Rate Proceeding Seminar*, WBI Holdings, Inc./MDU Resources Group, Inc., Bismarck, North Dakota, November 13-14, 2007
- *Ratemaking and Rate Proceeding Training,* Deloitte Training Seminar, Dallas, Texas, March 27-29, 2007
- *Rate Case Training*, Public Utility Commission of Texas, Austin, Texas, February 14, 2006
- *Rate Case Training*, Kansas City Power & Light, Kansas City, Missouri, August 29-31, 2005

- *Rate Case Challenges*, Southeastern Electric Exchange, Baltimore, Maryland, June 30, 2005

- *FERC Update*, Southeast Public Utility Accounting Workshop, Tampa, Florida, March 29-30, 2004

- *Regulatory Compliance Infrastructure Assessment for the Energy Industry*, Deloitte & Touche Energy Conference, Washington, D.C., June 18-20, 2003

- *Ratemaking Overview*, Sierra Pacific Power Company and Nevada Power Company, Las Vegas and Reno, Nevada, June 26-27, 2001

- *Public Utility Training*, California Public Utilities Commission, San Francisco, California, November 9, 2000

- *Shared Service Organizations*, EEI/AGA Accounting Committees, Savannah, Georgia, May 23, 2000

- *Utility Regulatory and Litigation Services Practice*, Deloitte & Touche LLP Strategic Planning Group Meeting, Atlanta, Georgia, June 2-3, 1999

- *Energy Without Boundaries – But Not Without Rules*, Deloitte & Touche LLP Utilities/Energy Conference, Toronto, Ontario, July 13-15, 1998

- *Affiliate Transactions - Recent Developments*, Southeast Public Utility Accounting Workshop, Pinehurst, North Carolina, April 27-29, 1998

- *Stranded Cost Identification and Measurement*, EEI/AGA Accounting Committees, Albuquerque, New Mexico, December 9, 1997

- *Tax Implications of Electric Utility Industry Restructuring*, The Council of State Governments – West, San Francisco, California, August 21, 1997

- *Regulatory and Litigation Services*, Deloitte & Touche LLP National Energy/Utilities Conference, Los Angeles, California, July 28, 1997

- *Tax Implications of U.S. Electric Utility Industry Restructuring*, German Delegation on Energy Restructuring, Sponsored by the United States Department of Energy and the State Department, Houston, Texas, March 3, 1997

- *Tax Implications of Electric Utility Industry Restructuring*, National Association of Regulatory Utility Commissioners, Winter Committee Meetings, Washington, DC, February 26, 1997

- *Electric Utility Industry Restructuring*, NJUA Accounting and Tax Committee, Jamesburg, New Jersey, September 27, 1996

- *Managing Potentially Stranded Costs (PSC) in the Electric Utility Industry*, EXNET Utility & Telecommunications Accounting and Tax Conference, Washington, DC, May 7, 1996

- *Electric Utility Stranded Costs*, EXNET Utility & Telecommunications Accounting and Tax Conference, Washington, DC, May 4, 1995

- *Overview of the Utility Ratemaking Process in Texas*, Deloitte & Touche LLP Utility Training Seminar, Dallas, Texas, October 3, 1994

- *FERC Accounting Training Seminar*, ONEOK Inc., Tulsa, Oklahoma, May 24, 1994

- *President Clinton's Energy Tax*, Midwest Gas Association, Inc. Accounting and Finance Conference, Minneapolis, Minnesota, April 15-16, 1993

- *SFAS No. 106 - Employers' Accounting for Postretirement Benefits, Other Than Pensions*, Public Utilities Roundtable, Dallas, Texas, November 30, 1992

- *SFAS No. 106 - Employers' Accounting for Postretirement Benefits Other Than Pensions*, American Gas Association Rate Committee Meeting, Houston, Texas, September 20, 1992

- *FERC Accounting Training Seminar*, City of College Station, Texas, June 9, 1992

- *Seminar on SFAS No. 106 - Employers' Accounting for Postretirement, Benefits Other Than Pensions*, Parties to Hawaii Public Utilities Commission Docket No. 7243, May 7, 1992

- *Affiliate Transactions and Cross Subsidy Issues*, Public Utilities Reports, Inc. and The Management Exchange, 10th Annual Utility and Telecommunications Accounting and Tax Conference, Washington, DC, May 2, 1991

- *Regulatory Accounting and The Ratemaking Process*, National Cable TV Association (NCTA) Annual Convention, New Orleans Convention Center, New Orleans, Louisiana, March 26, 1991

- *Fundamental Issues in Utility Ratemaking*, University of Texas Regulatory Institute, Management Development Program, Austin, Texas, June 12-14, 1990

- *Fundamentals of Utility Regulation*, University of Texas Regulatory Institute, Management Development Program, Austin, Texas, June 13-15, 1989

- *Phase-Ins: Bridging the Gap Between Traditional Ratemaking and Market Forces*, TSCPA Public Utilities Accounting and Ratemaking Conference, Dallas, Texas, April 17, 1986

- *Rate Moderation Plans and Regulatory Responsibility*, 10th Annual Public Utilities Conference, University of Texas at Dallas, Dallas, Texas, July 18, 1985

- *Promoting Stable and Efficient Utility Operations - Management Audits of Public Utilities*, Joint Committee on Public Utility Regulation of the Illinois Legislature, Chicago, Illinois, February 14, 1985

Publications

- *Cost Allocation and Affiliate Transactions: A Survey and Analysis of State Cost Allocation Issues and Transfer Pricing Policies*, June 1999. Mr. Uffelman co-authored this Deloitte & Touche report on behalf of the Edison Electric Institute.

- *Federal, State and Local Tax Implications of Electric Utility Industry Restructuring*, October 1996. Mr. Uffelman co-authored Deloitte & Touche's analysis for The National Council on Competition and the Electric Industry.

- *Survey of Federal Income Taxes in Regulation*, March 1994. Mr. Uffelman co-authored this report on how public utility regulatory commissions determine federal income tax expense for ratemaking purposes.

- *Accounting for Public Utilities* published by Matthew Bender and updated annually. Mr. Uffelman served as a contributing author on this work which provides a basic, but comprehensive, analysis of accounting for public utilities.

Testimony

Alaska
Alaska Public Utilities Commission

- APUC Docket No. U-93-1, Rate Case; direct testimony on behalf of Chugach Electric Association, Inc., January 1993; Rebuttal testimony on behalf of Chugach Electric Association, Inc., February 1993; testified to the proper accounting and ratemaking treatment for production maintenance costs.

Regulatory Commission of Alaska

- RCA Docket No. U-02-47, Revenue Requirements Study; prefiled testimony on behalf of Waste Management of Alaska, Inc., March 2003; testified to the functioning of WMA's revenue requirements models and the input of test year data, both financial and statistical, into the models for each of WMA's regulated service areas; prefiled reply testimony on behalf of Waste Management of Alaska, Inc., May 2004 .

Arizona - Arizona Corporation Commission

- ACC Docket No. E-1032-93-111, Rate Case; rebuttal testimony on behalf of Citizens Utilities Company's Arizona Gas Division, January 1994, regarding the effects of adoption of SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions".

- ACC Docket No. E-1032-92-073, Application for approval of the accounting method used to record AFUDC. Direct testimony on behalf of Citizens Utilities Company, May 1994.

- ACC Docket No. U-1551-93-272, Rate Case; rebuttal testimony, May 1994 on behalf of Southwest Gas Corporation regarding the prudence of costs associated with the development of the Company's customer information system.

- ACC Docket No. U-2199-94-439, Application for approval of financing and accounting orders. Direct testimony on behalf of Pima Utility Company (Robson Communities), December 1994; rebuttal testimony on behalf of Pima Utility Company (Robson Communities), May 1995.

- ACC Docket No. U-2492-94-448, Application for approval of financing and accounting orders. Direct testimony on behalf of SaddleBrooke Development Company (Robson Communities), December 1994. Rebuttal testimony on behalf of SaddleBrooke Development Company (Robson Communities), May 1995.

- ACC Docket No. U-2849, Application of SaddleBrooke Utility Company for a rate increase. Direct testimony (cost of capital) on behalf of SaddleBrooke Utility Company, (Robson Communities), November 1995.

- ACC Docket No. E-1032-95-433, Application of Citizens Utilities Company, Arizona Electric Division, for a hearing to determine the fair value of its properties for ratemaking purposes. Rebuttal testimony on behalf of Citizens Utilities Company, July 1996. Rejoinder testimony on behalf of Citizens Utilities Company, August 1996. (Accounting method used to record AFUDC)

- ACC Docket No. E-1032-95-473, Application of Citizens Utilities Company, Northern Arizona Gas Division, for a hearing to determine the fair value of its properties for ratemaking purposes. Rebuttal testimony on behalf of Citizens Utilities Company, August 1996. Rejoinder testimony on behalf of Citizens Utilities Company, September 1996. (Accounting method used to record AFUDC)

- ACC Docket No. E-1032-95-417, Application of Citizens Utilities Company, Maricopa Water/Wastewater Division, for a hearing to determine the fair value of its properties for ratemaking purposes. Rebuttal testimony on behalf of Citizens Utilities Company, September 1996. Rejoinder testimony on behalf of Citizens Utilities Company, October 1996. (Accounting method used to record AFUDC)

- ACC Docket No. U-1944-92-261, Application of Lago Del Oro Water Company (Robson Communities) for financing authorization. Rebuttal testimony on behalf of Robson Communities, December 1996. (Capital structure and use of Advances and Contributions in Aid of Construction)

- ACC Docket No. U-2849-97-383, Application of SaddleBrooke Utility Company (Robson Communities) for a rate increase; direct testimony (cost of capital) on behalf of SaddleBrooke Utility Company, June 1997.

- ACC Docket No. G-01551A-00-0309, Earnings Determination; supplemental testimony, May 2001, on behalf of Southwest Gas Corporation regarding the appropriateness of the inclusion of certain items in the rate case test year.

California

California Public Utilities Commission

- Order Instituting Rulemaking/Investigation on the Commission's Own Motion to Assess and Revise the New Regulatory Framework for Pacific Bell and Verizon California Inc. (R. 01-09-001/I. 01-09-002)

- Direct testimony on behalf of SBC Pacific Bell in Phase 2A, May 2002, in response to Overland Consulting's regulatory audit of Pacific Bell relating to various issues including depreciation reserve deficiency amortization and postretirement benefits other than pensions; reply testimony on behalf of SBC Pacific Bell in Phase 2A, May 2002.

- Direct testimony on behalf of SBC Pacific Bell in Phase 2B, June 2002, relating to local competition costs, software buy-out agreement, local number portability costs, and contingent liabilities; reply testimony on behalf of SBC Pacific Bell in Phase 2B, July 2002.

- California-American Water Company Compliance Filing Regarding Review By Deloitte & Touche LLP In CPUC Case Nos. A.05-02-012 And A.05-02-013; direct testimony on behalf of California-American Water Company regarding the reliability of the Company's General Rate Case filings for ratemaking purposes, April 2005; rebuttal testimony on behalf of California-American Water Company, July 2005.

City of Los Angeles

- Direct testimony on behalf of the Los Angeles Department of Water and Power regarding Water System Rate Proposal (Proposed Amendments to Water Rates Ordinance No. 170435) to the Board of Water and Power Commissioners; the Commerce, Energy and Natural Resources Committee of the City Council; and the City Council, April 2004.

Superior Court of the State of California

- Testimony on behalf of the Los Angeles Department of Water and Power in the Superior Court of the State of California in and for the County of San Bernardino. Civil Action No. SCVSS 100293, State of California, ex rel. Barakat Consulting Incorporated, et al., Plaintiffs, vs. Los Angeles Department of Water and Power, et al., Defendants, December 2006.

Colorado - US District Court for Colorado

- Civil Action No. 01-BB-1546(PAC) Western Retail Energy Company, Plaintiff, v. TXU Energy Services Company, Defendant; expert report and testimony on behalf of TXU Energy Services regarding natural gas pricing, June 2002.

Georgia - Georgia Public Service Commission

- Docket No. 14311-U, Atlanta Gas Light Company, Rate Case; direct testimony on behalf of AGL regarding AGL's cash working capital requirement and lead-lag study, January 2002.

Hawaii - Hawaii Public Utilities Commission

- Parties to HPUC Docket No. 7243; seminar on SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions," May 1992.

Illinois

Illinois Commerce Commission

- Docket Nos. 87-0043, 87-0044, 87-0057, 87-0096, consolidated ; Commonwealth Edison Company, Rate Case; direct testimony regarding spin-off of nuclear generation assets, April 1987, on behalf of:
    - The People of the State of Illinois, by Neil F. Hartigan, Attorney General

- The Governor of the State of Illinois, James R. Thompson, by the Governor's Office of Consumer Services
- The People of Cook County, by Richard M. Daley, Cook County State's Attorney
- William G. Shephard, Small Business Utility Advocate

- Approximately twelve cases as ICC Staff witness. (Mr. Uffelman testified in approximately twelve cases as a Staff witness of the Illinois Commerce Commission. Mr. Uffelman does not have copies of his testimony which he filed on behalf of the ICC Staff, but copies can be obtained from the ICC.)

- Docket No. 07-0507, Illinois-American Water Company ("IAWC") Rate Case. Direct testimony regarding *Analysis of Water Rates, Fees and Charges For Selected Cities In The Vicinity Of The Chicago Metro District Of Illinois-American Water Company* on behalf of IAWC, August, 2007.
  Rebuttal testimony on behalf of IAWC, February, 2008. Surrebuttal testimony on behalf of IAWC, March, 2008.

Joint Committee on Public Utility Regulation of the Illinois Legislature

- Direct testimony regarding "Management Audits of Public Utilities" on behalf of the Illinois Commerce Commission, February 1985.

Circuit Court of Cook County, Illinois

- Case No. 95CH11993; BOE AND DEBRA CHMIL, Plaintiff, v. TELE-COMMUNICATIONS, INC., ET AL., Defendant; direct testimony on behalf of Defendant, August 1998.

Indiana - Indiana Utility Regulatory Commission

- IURC Cause No. 39713, Rate Case; direct testimony on behalf of Indianapolis Water Company, June 1993, regarding the effects of adoption of SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions".

Iowa - Iowa Utilities Board

- IUB Docket Nos. RPU-01-3 and RPU-01-___ ; direct testimony on behalf of MidAmerican Energy Company, June 2001; issues related to the prior flow-through of Iowa state income taxes.

Kansas - Kansas State Corporation Commission

- KSCC Docket No. 175,456-U; rebuttal testimony on behalf of Centel Corporation (CENTEL), August 1991; sale and transfer of the Electrical Utility Operations and Business of CENTEL to UtiliCorp United, Inc. (UTILICORP).

- KSCC Docket No. 03-KGSG-602-RTS; rebuttal testimony on behalf of Kansas Gas Service, a Division of ONEOK, Inc. August 2003, regarding the allocation of ONEOK's A&G and corporate overhead costs to KGS.

- KSCC Docket No. 06-KGSG-1209-RTS; rebuttal testimony on behalf of Kansas Gas Service, a Division of ONEOK, Inc. October 2006, regarding the allocation of ONEOK's A&G and corporate overhead costs to KGS.

Kentucky - Kentucky Public Service Commission

- KPSC Case 9613 Rebuttal, November 1986; rebuttal testimony on behalf of Big Rivers Electric Corporation regarding financial reorganization plan and prudence of coal contracts.

- KPSC Case No. 2006-00464, In The Matter Of Atmos Energy Corporation For An Adjustment Of Gas Rates; direct testimony regarding Gas Cost of Service Study prepared on behalf of Atmos Energy Corporation Kentucky Division, December 2006.

Louisiana - Louisiana Public Service Commission

- LPSC Docket No. U-24064; Red Simpson, Inc. et al. v. Cleco Corporation; in re: Alleged acts of prohibited subsidization of non-regulated affiliates, violation of General Orders and unfair competition through predatory pricing; direct testimony on behalf of Cleco Corporation, June 2000; rebuttal testimony on behalf of Cleco Corporation, September 2000.

Maryland - Circuit Court For Baltimore, Maryland

- Case No. 95311038/CL204287; LOUIS BURCH, ET AL., Plaintiff, v. UNITED CABLE TELEVISION OF BALTIMORE LIMITED PARTNERSHIP, Defendant; direct testimony on behalf of Defendant, June 1997.

Nevada
Public Service Commission of Nevada

- PSCN Docket Nos. 93-3003, et al. Rate Case Rehearing Issues; Direct testimony, April 1994 on behalf of Southwest Gas Corporation and rebuttal testimony, July 1994 on behalf of Southwest Gas Corporation relating to the prudence of costs associated with the development of the Company's customer information system.

Nevada Public Utilities Commission

- NPUC Docket No. 04-3011, Rate Case; direct testimony, March 2004 on behalf of Southwest Gas Corporation relating to cash working capital; rebuttal testimony, June 2004 on behalf of Southwest Gas Corporation relating to cash working capital.

New Jersey - New Jersey Board of Public Utilities

- NJBPU Docket No. GR 02040245, Rate Case; direct testimony, April 2002 on behalf of NUI Utilities Inc. d/b/a Elizabethtown Gas Company, regarding cash working capital requirement and lead-lag study; supplemental testimony, July 2002 on behalf of NUI Utilities Inc. d/b/a Elizabethtown Gas Company, regarding cash working capital requirement and lead-lag study; rebuttal testimony, September 2002 on behalf of NUI Utilities Inc. d/b/a Elizabethtown Gas Company, regarding cash working capital requirement and lead-lag study.

New Mexico - New Mexico Public Service Commission

- Docket No. 2162, Rate Case, El Paso Electric Company; direct testimony, November 1987 on behalf of EPE; testified to EPE's cost allocation study as to compliance with the NMPSC's Order of January 16, 1987, approving the stipulation in Case No. 2074 relating to the Company's general diversification plan.

New York
New York Public Service Commission

- NYPSC Case No. 91-G-1199 Rate Case; on behalf of Corning Natural Gas Corporation, November 1991; direct testimony regarding the effects of adoption of SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions".

Supreme Court of The State of New York

- Village of Bergen et al, Petitioners, v. Power Authority of the State of New York, Respondent Index No. 081556; testimony on behalf of the New York Power Authority (NYPA) January 1999, regarding the allocation of overhead costs as one of the components of the rate charged by NYPA.

Oklahoma - Oklahoma Corporation Commission

- Cause No. PUD 200400610, Application of Oklahoma Natural Gas Company, a Division of ONEOK, Inc., for a Review and Change or Modification in its Rates, Charges, Tariffs, and Terms and Conditions of Service. Rebuttal testimony, June 2005, on behalf of Oklahoma Natural Gas related to the continued use of the Distrigas Method by ONEOK for allocating corporate administrative and general expenses to the various ONEOK business units.

- Cause No. PUD 200500151, application of Oklahoma Gas and Electric Company ("OG&E") for an Order of the Commission authorizing Applicant to Modify its Rates, Charges, and Tariffs for retail Electric Service in Oklahoma. Rebuttal testimony, September 2005, on behalf of OG&E related to the continued use of the Distrigas Method by OGE Energy Corp. ("OGE") for allocating corporate administrative and general expenses to the various OGE business units.

Oregon - Public Utility Commission of Oregon

- PUCO Case UE 170, Pacific Power & Light, Request for a General Rate Increase. Rebuttal testimony, June 2005, on behalf of PacifiCorp related to the continued use and application of the traditional "stand-alone" method (as opposed to a consolidated effective tax rate method) for computing the income tax expense component of cost of service.

Texas
Texas Public Utility Commission

- PUCT Docket No. 6350, El Paso Electric Company Rate Case. Direct testimony on behalf of the PUCT Staff, October 1985 on various issues including deferred accounting treatment, nuclear plant phase-in plan, nuclear decommissioning costs and cash working capital.

- PUCT Docket No. 7460, El Paso Electric Company Rate Case. Rebuttal testimony on behalf of EPE, August 1987 supporting the Company's deferred tax study and position.

- PUCT Docket No. 9165, El Paso Electric Company Rate Case. Direct testimony on behalf of EPE, November 1989 regarding the accuracy and reliability of the Company's rate case data and information.

- PUCT Docket No. 9945, El Paso Electric Company Rate Case. Direct testimony on behalf of EPE, July 1991 regarding reasonableness and necessity of rate case fees and expenses.

- PUCT Docket No. 10060, Brazos River Authority Rate Case. Direct testimony on behalf of BRA, February 1991 relating to BRA's accounting and indirect cost allocation system, and revenue requirement determination.

- PUCT Docket No. 10200, Texas-New Mexico Power Company Rate Case. Prudence rebuttal testimony on behalf of TNP, December 1991 relating to plant in service balance for ratemaking purposes. Revenue requirements rebuttal testimony on behalf of TNP, January 1992 regarding plant in service balance, capital structure and deferred accounting treatment.

- PUCT Docket No. 16705, Entergy Gulf States, Inc.'s Transition to Competition Plan. Direct testimony on behalf of EGSI, November 1996 regarding affiliate transactions and depreciation expense accounting. Supplemental direct testimony on behalf of EGSI, April 1997, regarding affiliate transactions and regulatory accounting issues associated with EGSI's transition to competition plan. Rebuttal testimony on behalf of EGSI, October 1997, associated with EGSI's transition to competition plan.

Railroad Commission of Texas

- RCT Docket No. GUD8664, Lone Star Pipeline Company and Lone Star Gas Company - Transmission Rate Case. Rebuttal testimony on behalf of Lone Star Gas Company on the issues of cash working capital and postretirement benefits other than pensions, January 1997.

City of Garland, Texas

- Testimony before the Garland City Council, April 1995, regarding the review of selected financial and rate-making practices of the Texas Municipal Power Agency (TMPA).

Washington - King County, Seattle, Washington

- Renewal of King County Cable Television Franchises of TCI Cablevision of Washington, Inc. Rebuttal testimony on behalf of TCI Cablevision of Washington, Inc., October 1995 regarding reasonableness of TCI's compensation for franchise.

Employment History of Bernard L. Uffelman

Uffelman Advisory Services, LLC – Austin, Texas
- President — October 2008 to present

Deloitte & Touche LLP – Austin, Texas
- US. Regulatory Services Leader, Energy & Resources — June 1997 to September 2008
- Partner, Public Utility Services — July 1994 to June 1997

KPMG Peat Marwick – Austin, Texas
- Partner in Charge – National Utility Consulting — October 1993 to July 1994
- Partner, National Utility Consulting — July 1993 to October 1993
- Director, National Utility Consulting — October 1990 to July 1993

FINANCO, Inc. – Austin, Texas
- Principal & Shareholder — November 1988 to October 1990

Peat Marwick Main & Co. – Austin, Texas
- Senior Manager – National Utilities Industry Practice — May 1986 to November 1988

Texas Public Utility Commission – Austin, Texas
- Director of Accounting — April 1985 to May 1986

Illinois Commerce Commission – Springfield, Illinois
- Chief Accountant — September 1982 to April 1985

Houston Lighting and Power Company
- Project Controller — 1982

Illinois Commerce Commission – Springfield, Illinois
- Accountant — 1980 to 1982

Central Louisiana Electric Company – Lafayette, Louisiana
- Manager of Regulatory Accounting — 1979 to 1980

Illinois Power Company – Decatur, Illinois
- Rate Administrator — 1977 to 1979
- Cash Accountant — 1972 to 1977
- Internal Auditor — 1969 to 1972

ILLINOIS COMMERCE COMMISSION

IAWC EXHIBIT NO. 12.00

DIRECT TESTIMONY OF

JOHN S. YOUNG

ILLINOIS-AMERICAN WATER COMPANY

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DIRECT TESTIMONY OF JOHN S. YOUNG **IAWC EXHIBIT 12.00**

I. WITNESS IDENTIFICATION AND BACKGROUND

Q1. Please state your name and business address.

A. My name is John S. Young. My business address is American Water Works Service Company, Inc., 1025 Laurel Oak Road, Voorhees, NJ 08043.

Q2. By whom are you employed and in what capacity?

A. I am employed by American Water Works Service Company, Inc. (the "Service Company") as President. The Service Company is a subsidiary of American Water Works Company, Inc. ("American Water") and an affiliate of Illinois-American Water Company ("IAWC").

Q3. Please summarize your education and employment history.

A. I have a Civil Engineering Bachelor's Degree from Duke University, and a Master's Degree in Environmental Engineering from the University of North Carolina (Chapel Hill). I have been employed by the Service Company for over 30 years. I began my employment as Director of Water Quality-Eastern Division, and thereafter held positions of increasing responsibility, including the position of Director, Engineering Design. From 1991 to 2003, I served as Vice President of Engineering. I became Chief Operating Officer of American Water (Operating Companies and the Service Company) in October, 2005, and have been President of the Service Company since 2005. My resume is attached to this testimony as Appendix A.

Q4. Please summarize your responsibilities as President of the Service Company.

A. In this position, I am responsible for managing several functions within the Service Company, providing appropriate governance and managing the financial performance of the Service Company.

Q5. Mr. Young, what is the purpose of your testimony?

A. As IAWC witness Karla O. Teasley explains, in the last IAWC rate order, the Illinois Commerce Commission ("Commission") required that in its next rate filing, IAWC include certain information regarding the costs incurred by IAWC for services provided by the Service Company. As Ms. Teasley indicates, I am one of the five witnesses presented by IAWC to address this requirement. My testimony will describe each area of service provided by the Service Company to IAWC. In addition, I will discuss certain information provided by the Service Company for use by IAWC witnesses Bernard L. Uffelman and Mark Young in connection with the Service Company Cost Study marked for identification as IAWC Exhibit 11.01.

II. DESCRIPTION OF SERVICES

Q6. Please discuss the areas of service provided by the Service Company that are available to IAWC and other American Water subsidiaries.

A. The principal areas of support services available through the Service Company are Communications and External Affairs, Corporate Finance, Customer Service, Division Operations Support and Regulated Operations, Human Resources, Information Technology Services, Legal, Operations Services, and Shared Services. Each of these areas includes governance and support responsibilities. For example, governance responsibilities would include areas such as general

policies and practices, and financial and operational oversight. Support related activities and other areas of service will be discussed below.

Communications and External Affairs

Q7. Please describe the Communications and External Affairs ("Communications") function.

A. The Communications function provides comprehensive coordination and support for the broad spectrum of communications needs of the Operating Companies, including IAWC. The customers of IAWC (and other Operating Companies), governmental officials and employees require various types of information. The Communications function is structured to provide standardized information resources at an efficient cost, and works with IAWC personnel to assure the accuracy of all information provided. As one method of communication, the Communications function works with IAWC in preparing website information concerning such matters as rates, service application requirements, bill payment information, a Customer Bill of Rights required by Illinois law, and other customer information.

Corporate Finance

Q8. Please discuss the Corporate Finance function of the Service Company and the services provided by this function to IAWC.

A. The Service Company Finance function works in coordination with IAWC employees, and supports rate activities, budget preparation and analysis, and other regulatory and financial analysis as requested by the management of IAWC. The Service Company team includes employees located in St. Louis,

Missouri; Voorhees, New Jersey; and the Shared Service Center ("SSC") located in Cherry Hill, New Jersey.

The Service Company Finance function is organized into the following areas - Treasury, Controller, and Planning and Reporting. Treasury administers the investment by American Water in the common equity of the Operating Companies, and oversees the borrowing and debt compliance requirements of American Water Capital Corporation (AWCC) and the Operating Companies. AWCC is a wholly owned subsidiary of American Water that pools the financial needs of the American Water subsidiaries in order to secure cost-effective financing for the Operating Companies.

The Controller function provides research and interpretation of accounting pronouncements of regulatory agencies such as the Financial Accounting Standards Board and the Internal Revenue Service. It is also responsible for the implementation of required internal controls that protect the interests of customers and investors.

Planning and Reporting reviews the accounting of, and coordinates the preparation of budgets and financial forecasts for IAWC, other Operating Companies and the Service Company. This group implements expense controls and performs variance analysis and detail reviews of Service Company charges to the Operating Companies.

Customer Service Center

Q9. Please explain the purpose and operations of the Service Company's Customer Service Center function.

A. The Customer Service Center ("CSC") of the Service Company performs many of the activities involved in providing customer service, including call center operations and centralized billing and collections activities. Although the CSC is physically located in two different locations (Alton, IL and Pensacola, FL), it operates as one organization. These facilities respond to virtually all customers inquiries from the Operating Companies.

Q10. What customer service functions are performed at the CSC?

A. The CSC responsibilities include the following:

Call Handling – receive, handle and process inbound customer calls and correspondence (mail, fax, e-mail) regarding billing, collections, and services; respond to customer needs; create service orders as required.

Billing – calculate bills, process adjustments, resolve billing issues.

Collections – manage collection of unpaid bills, issue notices, handle outbound calling, issue shut-off orders, resolve collection disputes, and handle bankruptcy processing.

Education & Development – train new hires and provide ongoing and refresher training.

Quality Control – monitor quality of call handling, service order creation, billing and collections, and provide reports to CSC leadership regarding quality of call handling for coaching and ongoing development.

Support Functions – provide needed finance, work force management, human resources, information technology, and administration functions, including cost

control, recruitment, human resource, staffing, scheduling, overtime needs, administrative functions, and system/desktop support.

Q11. How does the CSC provide customer service?

A. The CSC and IAWC work together to provide high-quality service delivery to customers in Illinois. CSC functions include greeting customers making inbound calls, answering their questions, handling their requests, processing service orders, processing correspondence, billing accounts, and collecting on accounts. IAWC field service operations are responsible for reading meters and providing other required field services to customers.

The CSC operates a telephone system to route and deliver calls to call handling agents, or Customer Service Representatives ("CSRs"). Calls from Operating Company customers can be answered at either location, with the exception of certain calls requiring specialized customer support. The CSC uses a computer telephony interface for screen-pop delivery to CSRs, Interactive Voice Response ("IVR") and speech recognition to provide self-service functionality, and servers for real-time and historical call statistics and reporting. As calls are received, they are identified by an automatic call distributor ("ACD") according to type (e.g., emergencies, inquiries, service calls) and are either delivered to a waiting CSR or are queued pending CSR availability. The CSC uses workforce management software for CSR scheduling. This system enables call center managers to schedule staff, measure performance, and analyze trends and opportunities, while learning of customer concerns and working with call center staff.

Operational continuity is assured by routing and switching for personal computers and the voice network. Backups are performed off-site. The CSC has battery backup and an on-site generator to ensure continuous operation of its systems. In addition, it maintains a 24 x 7 maintenance agreement for on-site or remote technical support.

Q12. Does the CSC assess the quality of interactions with customers?

A. Yes. The CSC monitors calls to ensure that customers' issues are resolved efficiently and courteously. Active listening, effective problem diagnosis and an emphasis on first-call resolutions are critical metrics developed in response to customer survey results.

Q13. Does the CSC use any other means to assess performance?

A. The CSC monitors and tracks internal metrics to assess overall performance and effectiveness. These include, but are not limited to, service level, abandonment rate, average speed of answer and first-call resolution.

Q14. Please further discuss the operations of the CSC.

A. The CSC answers customer calls 24 hours per day, seven days per week. The CSC is able to effectively smooth call volume peaks by handling a traditional daily call distribution over the entire day with the latest staffing and scheduling programs. This enhances customer convenience and improves service levels by spreading peak volumes. The CSC also invests in leading-edge training facilities and techniques, which have led to improved first-call effectiveness and increased customer satisfaction.

The CSC provides economies of scale in the use of technologies needed

to meet increasing customer expectations, ongoing comparison with established measures of service excellence, and a focus on improving customers' experiences in contacting the Operating Companies, including IAWC.

One example of the CSC's services for Illinois is the Chicago Metro District "specialty desk." In response to increased customer inquiries in Chicago Metro in 2005, a Chicago-area "specialty desk" was established at the CSC. Calls coming from the Chicago area have been routed to specially trained CSRs. CSRs have received additional in-depth training about Chicago systems, processes and billing, and are available to Chicago Metro customers "24/7".

Divisional Operations Support and Regulated Operations

Q15. Please describe Divisional Operations Support and Regulated Operations.

A. The Service Company's Western Division multi-state management support organization provides support to IAWC, primarily in the areas of customer relations and engineering related services. Customer relations includes Field Resource Coordination Center ("FRCC") employees that provide support for activities such as bill reviews and service order reviews, and to IAWC Field Service Representatives ("FSRs") with regard to dispatch and monitoring of field work. For example, utilizing innovative software systems implemented several years ago as part of the "Service First" program, the FRCC coordinators are responsible for assigning service orders to the FSRs and, throughout the day, monitoring the FSRs progress and the status of "special handle" service orders received during the day, such as emergency orders. Customer Service also includes "Time Critical" employees to assist in the processing of same day

service orders like water quality and emergency service requests. Because the FRCC covers multiple states in the Western Division, it can achieve economies of scale in the provision of these support services to IAWC. Engineering support includes assistance in engineering related areas, such as capital program planning, design, and construction and comprehensive planning activities.

Regulated Operations, through the President of Regulated Operations, provides senior executive management oversight of all Operating Companies. The President of Regulated Operations is ultimately responsible for the operational and financial performance of the Operating Companies, including IAWC, as well as for the effective performance of the national Customer Call Center.

The services performed for IAWC as described above promote integrated and consistent management and operational support and guidance to drive best operating practices, facilitate access to cost effective capital, and to thereby help ensure high quality, reliable, service to customers.

The Service Company also provides similar operational support services to the Eastern Division, which does not provide services to IAWC.

Human Resources

Q16. Please discuss the Human Resource function.

A. The Human Resources function ("HR") is responsible for employees from the beginning of their employment to the termination of their employment and/or retirement. HR is organized into five areas: Compensation and Benefits, Employee and Labor Relations, HR Systems and Processes, Business Center

and Corporate Staffing, and Organizational and Talent Development. These functional areas administer compensation and benefits plans, performance review procedures and forms, HR-related policy and practice administration, and HR policy analysis and research.

Some of the areas of service provided to IAWC include employee benefits, discrimination issues, collective bargaining unit negotiation strategies, as well as employee issues, including hiring practices, employee development, training and relocations. The areas of service provided by HR are further discussed below:

- *Benefits/Benefits Service Center* – Members of HR working in the Benefits and Compensation area operate a national Benefits Service Center ("BSC") for the Operating Companies. The BSC is staffed with specialized employees who have the knowledge and skill-set necessary to address employee and retiree questions and to resolve questions raised on a daily basis by active employees, retirees and their dependents, regarding obtaining benefits to which they are entitled under benefit plans and programs.

  Since the Service Company utilizes a bid process to select benefit service providers for the Operating Companies, multiple providers may be selected to provide various types of benefits. As a result, it is more efficient for the Service Company to staff, equip and operate the BSC to address the benefit administration questions of active employees, retirees and their dependents through a single source rather than to rely on separate communication by the affected individuals with multiple providers.

Through the BSC, the Operating Companies receive a cost advantage from large volume purchasing of benefits plans covering all Operating Companies, and a reduced cost for administration and vendor selection.

- *Compensation* – HR designs, implements, and manages compensation programs that:
  - ensure cost-effective operations and provide strong competitive market positioning. In establishing compensation levels, HR conducts extensive research regarding market-based compensation levels applicable to each employee position;
  - support the attraction and retention of talent;
  - reinforce the performance culture;
  - put accountability in the hands of line management; and
  - comply with regulatory and statutory requirements.
- *HR Policy and Practice Administration* – HR also develops and administers HR-related policies and practices, and conducts industry-wide HR policy research and analysis for all levels of management. In addition, HR prepares required reports to governmental agencies at the state and federal levels.
- *Labor and Labor Relations* – HR supports Operating Company personnel with regard to labor relations by:
  - providing training for field negotiations teams;
  - providing information regarding national labor market trends;
  - overseeing recruiting using a variety of national and regional job boards for all Operating Companies. This approach reduces the cost of access to these services by leveraging the combined size of the Operating Companies to obtain better pricing while localizing recruiting efforts. As a result,

IAWC incurs a lower cost for recruiting than it would if this process were handled on a stand-alone basis;

- overseeing and administering the applicant tracking system. In this regard, HR negotiates price advantages for the identification of candidates based on the combined volume of Operating Company use of the services involved;

- overseeing and administering background screening for applicants (criminal background, drug testing, education confirmation, etc.). HR also obtains volume purchase discounts for the Operating Companies for background check services; and

- providing training tools and guidance for various employee development initiatives (supervisory training, ethics/respect training, etc.).

Information Technology Services

Q17. Please describe the organization and operations of the Information Technology Services ("ITS") function.

A. The ITS organization is comprised of six departments: Enterprise Architecture, Security Architecture, Infrastructure and Operations, Business Application Development, Client Services and Support, and the Project Management Office ("PMO").

The Enterprise Architecture team focuses on long range ITS technology planning. The objective is to focus on technologies that provide value to the Operating Companies, are cost-effective to implement and maintain, and are consistent with expected performance standards. The objective of Security Architecture is to develop strategies, policies, and standards for ITS resources that will ensure information security. Key responsibilities of this organization include developing information security processes that achieve risk management objectives and information security controls and measures that protect Operating

Company customers' identities.

The Infrastructure & Operations team is responsible for the operations, support, and maintenance of the data center, voice and data communications infrastructure. This includes responsibility for all the servers in the data center, back-up and recovery processes, voice and network performance, and bill print and distribution operations.

The Business Application Development team focuses on the design, development, and delivery of software applications necessary for Operating Company requirements. Business Application Development also provides maintenance support for all application-related technology. The team also addresses ongoing enhancement requests and upgrades to applications.

The Client Services and Support organization provides many levels of end user support. These functions include end user desktop support, service desk support, user access provisioning, change control management, desktop and software patching, cyber-security monitoring, vulnerability management, and security testing.

The PMO is responsible for the management of all projects within ITS.

As compared to a stand-alone operation for each Operating Company, the Service Company ITS Function reduces the per-customer cost incurred for information technology services by taking advantage of economies of scale and scope, volume discounts where applicable, and by spreading IT costs over the larger customer base of the combined Operating Companies. For example, ITS is able to drive down the per customer cost of software licenses based on total

volume purchases of the required licenses. Similarly, ITS is able to leverage the server infrastructure, purchasing fewer larger servers to house applications, instead of multiple smaller servers at each Operating Company, all of which have to be monitored, patched, and maintained. With the ITS approach, fewer total servers can then be maintained by fewer individuals, with less time consumed. Similarly, applications can be developed and maintained centrally instead of at each Operating Company. The individual Operating Company approach, by contrast, would require application changes to be made multiple times, as well as more resources with more idle time, because of the number of skill-sets required and the lower volume of work in each of those skill-sets for a single Operating Company.

The ability to efficiently employ the specialized skills of personnel is also a key benefit provided by ITS. The operation and maintenance of a single software application requires multiple people with specialized skills because most of the requisite skills are not found within a single individual. Through ITS, IAWC has access to a team of skilled technicians that IAWC could not provide on a cost-effective basis through a stand-alone approach. The work required to maintain the server infrastructure is the same regardless of the number of end users (e.g., 10 or 1000) because the application residing on the server has all the same functions. Additionally, application developers typically specialize in a specific set of languages. Due to the specialized nature of the skills of each technician, IAWC as a stand-alone could not as efficiently employ the services of the required technical staff.

Legal

Q18. Please describe the Legal function.

A. The Legal function consists of team members who provide legal support for many aspects of Operating Company functions, including those of IAWC. When specialized legal counsel is required, members of the legal function make decisions to select and retain outside counsel. Members of the legal function also are responsible for corporate governance responsibilities, such as the Corporate Secretary function for the Operating Companies and the preparation of required materials for the Operating Company Board of Directors meetings. Members of the Legal function team also provide legal advice regarding litigation, regulatory matters, business development, contract negotiations, financings, labor (including collective bargaining, and the handling of grievances and arbitrations), purchasing and general corporate matters. Members of the legal team also provide advice regarding the interpretation of environmental laws and regulations.

In addition, Legal function team members handle certain civil litigation and manage claims made against the Operating Companies, including IAWC. Legal team members negotiate for, and review, property easements, leases, and handle acquisitions and dispositions of real estate. Team members also conduct discussions with developer representatives regarding the installation of main extensions and draft-related agreements. In addition, team members conduct negotiations with governmental bodies regarding franchises for operations within the boundaries of particular governmental entities. Members of the Legal team

also assure compliance with all business registration, licensing and corporate reporting requirements.

As a regulated entity, IAWC must comply with a host of national, state and local laws, rules and regulations, and is subject to regulations by various state and federal administrative agencies. The legal function provides IAWC with access to specialized legal personnel with knowledge and experience related to the areas of law that affect IAWC's operations on a cost-effective basis. Through the Legal function, IAWC's legal cost is below the amount it would incur to retain stand-alone, in-house legal personnel due to the sharing of cost with other Operating Companies. The Legal function also provides IAWC with access to legal expertise at a cost below that of retaining outside counsel.

Operations Services Department

Q19. Could you please describe the Operations Services Department?

A. Operations Services is a multi-disciplined department comprised of technical, operations and business professionals serving American Water subsidiaries in the following functional areas: (1) Engineering; (2) Maintenance & SCADA Services; (3) Innovation and Environmental Stewardship; (4) Central Laboratory Services; (5) Supply Chain; (6) Best Operating Practices; and (7) Operational Risk Management. Each of these groups is responsible for establishing and implementing functional strategies with supporting policies, practices and standards. These groups also provide specialized consultancy expertise and resources to the Operating Companies, including IAWC, as appropriate, to address issues or events, support implementation of functional strategies and

augment Operating Company staff on larger or more complex projects. The Operations Services Department leverages both economies of scale and scope, as well as expertise to provide highly experienced, specialized resources to the Operating Companies in a cost-effective manner. The Operations Services teams are also charged with driving best practices in their respective functional areas to produces service level benefits and operational efficiencies that otherwise would be lost.

Q20. Please further discuss the individual functional areas within Operations Services.

A. The following sections provide greater detail on each of the Operations Services functional departments.

1. Engineering.

The Engineering group leads the Service Company's functional initiatives in the areas of Asset Planning and Capital Investment Management ("CIM"), Technical Services and Design Management, and Project Delivery and Construction Management. The Asset Planning group maintains the water and wastewater system planning standards and provides technical resources to the Operating Companies as needed to support or perform system specific capital improvement master planning. The output of the asset planning effort is the primary input to the Operating Companies' and the Service Company's Capital Investment Programs ("CIP"), and the Engineering function is charged with establishing and administering the corresponding CIM Policy, Practice and Standards used to implement the CIP.

The Technical Services team within Engineering is responsible for maintaining the technical standards, specifications, approved product listings, etc. applicable to the asset base. This team also provides specialized engineering expertise in the areas of treatment process selection and design, and the structural, geotechnical, electrical and control system disciplines. Resources from this group are used, upon request, to augment the Operating Company staffs to study alternatives and develop conceptual design solutions and manage the detailed design effort for larger or more complex capital projects.

The Project Delivery and Construction Management team is charged with developing and maintaining the various project delivery models and supporting documents needed to satisfy the range of projects (size, complexity, schedule drivers, etc.) to be delivered in the CIP. Project delivery methods include traditional design-bid-build delivery and a range of alternative project delivery methods. The Project Delivery team provides guidance and training on the selection of project delivery methods. Resources from this group are used to augment the Operating Company staffs on larger and more complex projects to develop bidding and contract documents, administer the bidding and award of contracts and to manage the construction, field inspection and facility commissioning tasks. The group also investigates innovative approaches to complete needed projects on a cost-effective basis.

This approach to functional alignment within the Engineering discipline produces timely, high quality, and proactive capital plans with efficient and effective technical design, procurement and delivery of the CIP.

2. Maintenance and SCADA Services.

The Maintenance and SCADA Services department provides technical services in the areas of maintenance management, equipment testing and diagnostics, and Supervisory Control and Data Acquisition ("SCADA") systems. The resources and expertise in this department supplement the Operating Company staff and are charged with implementing the Service Company's Reliability Centered Maintenance ("RCM") and SCADA strategies. RCM is a widely recognized best practice that proactively considers service level requirements, related asset criticality, asset failure cost and other factors, in order to set forth an appropriate and cost-effective maintenance plan. RCM also requires the assessment of asset condition, performance of equipment diagnostic testing and predictive maintenance tasks. The Service Company has developed the expertise within the Maintenance Services staff to provide these services which include infrared thermography, advanced vibration analysis, motor winding analysis, insulating and lubrication oil testing, ultrasonic testing, as well as other more traditional electrical and mechanical testing and diagnostic techniques. When deficiencies are identified through the diagnostic testing, the Maintenance Services Department also performs the needed repairs. The Maintenance Services team has also recently completed the design and configuration of a Computerized Maintenance Management System (CMMS) for the Operating Companies. Currently, around 7,000 assets are being managed within the American Water system, and the expanded deployment of this system is continuing. IAWC will begin building its database for the system in 2009. SCADA services provided by this group include setting strategy, technical and

448 equipment standards and providing programming services and field technician
449 support. These services address ongoing equipment and control system
450 calibration, maintenance and repairs, emergency response support during
451 operational events and providing system configuration input, design support and
452 control system programming for new and expanded facilities.

453 3. Innovation and Environmental Stewardship.

454 The Innovation and Environmental Stewardship function is a team of
455 scientists and environmental engineers charged with setting Environmental
456 Policy and directing the Service Company's programs for water quality,
457 environmental compliance and stewardship, and applied research. The team is
458 also responsible for regulatory interface (for example, with the United States
459 Environmental Protection Agency ("USEPA")), including the direct input and
460 collaboration on new or updated water quality or environmental regulations. This
461 team also conducts comprehensive facility environmental audits and provides
462 expert resources to operations when needed to address difficult treatment, water
463 quality or other complex environmental issues. The applied research efforts of
464 this function are tailored to serve the needs of the Operating Companies and
465 include nationally recognized work in the areas of drinking water quality,
466 infrastructure needs, and wastewater. The research activities are well aligned
467 with Operating Company needs.

468 4. Central Water Quality Laboratory.

469 The Central Laboratory, located in Belleville, Illinois, is a key service
470 offering supporting American Water's mission to provide high quality drinking
471 water to customers and the communities it serves. The Laboratory employs

highly skilled scientific personnel and is certified by the Illinois Environmental Protection Agency ("ILEPA") and other state water quality certification programs in states where the Operating Companies provide service. These certifications are done in accordance with the requirements set forth by the National Environmental Laboratory Accreditation Conference. The Laboratory provides timely, accurate and cost-effective water chemistry analytical services to assure regulatory compliance, support treatment process control and optimization, maintain and improve distribution system water quality, and address customer inquiries related to water quality.

Using many certified analytical methods, nearly 53,000 water quality tests were conducted in 2008 covering more than 100 regulated analytes under the Safe Drinking Water Act (and approximately 200 analytes in total). As a dedicated facility, the Laboratory consolidates all analytical testing and archived data in a single location and is able to offer a higher level of service, at a lower cost, when compared to the alternative of commercial laboratories. This topic is further discussed in the testimony of Mr. Edward Grubb. The higher service levels include sample kit scheduling, shipping and management, filing of analytical reports to meet regulatory compliance requirements, comparison of test results to regulatory limits and action levels with immediate issuance of alerts as needed, and the handling of rush or special requests. The Laboratory works closely with the USEPA and other laboratories to maintain an expert position on challenging and new analytical methods and upcoming regulations. In 2008, the Laboratory became one of only 14 laboratories in the country to achieve

certification for the testing methods related to Phase 2 of the USEPA Unregulated Contaminant Monitoring Rule (UCMR2). Through these efforts, the Laboratory is able to provide expert guidance to American Water field personnel for complex water chemistry conditions and analytical requirements for current and new regulations.

5. Supply Chain Department.

The Supply Chain Department engages in strategic sourcing on behalf of Operating Companies. Through strategic sourcing, Supply Chain procures goods and materials, such as chemicals, pipe, meters, hydrants and other items directly from manufacturers, thus eliminating the mark-up from distributors and maintaining a direct vendor management relationship with the manufacturer. For goods and materials that cannot be procured nationally, procurement professionals perform a similar function by working with regional suppliers to obtain beneficial pricing on items such as copper tubing and certain other items which must be purchased regionally. Strategic sourcing also includes the sourcing of local contractors who perform duties such as, street paving, residual removal/disposal and distribution system routine replacement and repair. By consolidating the purchasing needs of all Operating Companies, each Operating Company, including IAWC, benefits from economies of scale that would not otherwise be obtained. In 2008, the Supply Chain Department managed more than 800 vendor agreements covering approximately $560 million of external spend for the Service Company. Through these efforts the Service Company achieved Purchasing Performance savings of more than $42 million for all Operating Companies. Of this amount, the savings realized by IAWC were

519 approximately $6.6 million. Purchasing Performance savings are the difference
520 between the average market price quoted to the Supply Chain Department and
521 the price paid by the Operating Companies for goods and materials procured.
522 This is a conservative measure of the savings achieved through Supply Chain's
523 strategic sourcing activities.

524 Within the Supply Chain Department there is an energy management
525 group which works with local Operating Company operations staff and third-party
526 electric providers to enter into long-term contracts that lock in rates for the
527 Operating Companies' large consumption locations. The goals of this energy
528 supply procurement process are to achieve lower pricing than would be possible
529 without an agreement and to reduce price volatility. Where Operating Company
530 facilities are served under a regulated tariff instead of by a competitive provider,
531 the Supply Chain takes steps to ensure that its facilities are served at the most
532 appropriate and cost-effective rate schedule.

533 Supply Chain also administers American Water's Supplier Diversity
534 Program. American Water recognizes the value of supplier diversity as a
535 strategic business decision and our Supplier Diversity Policy broadens the
536 supplier base, increases competition, and ensures that American Water receives
537 the finest materials and services at the best available cost.

538 6. Best Operating Practices.

539 The Best Operating Practices ("BOP") team specializes in the areas of
540 water treatment and production facility operations, distribution system operations
541 and maintenance, and field customer service. This team also administers
542 Customer Satisfaction and Service Quality survey programs. The team

collaborates with numerous operational working teams to develop practices or strategies in the areas of distribution system operations and maintenance, meter reading, material inventory, and field customer service. The BOP team also conducts targeted operational reviews.

7. Operational Risk Management.

The Operational Risk Management function administers the following programs for the Operating Companies, including IAWC: Health and Safety, Operational and Physical Security, Event Management, Business Continuity and Emergency Response Planning, Hazardous Materials Management, Accident Investigation and Claims Management related to Workers Compensation, General and Auto Liability.

Through these focused efforts IAWC has been able to achieve improvements in terms of reduced injury rates, lost workday cases, and workers compensation claims. The reduction of work-related injuries is a positive indicator of business performance in that safe working conditions, worker productivity and effective safety programs are not mutually exclusive, but rather are synergistic. Strong safety performance results in higher productivity, improved business efficiencies and customer service through decreased employee absenteeism, decreased overtime and decreased administrative costs. It also results in higher employee morale which positively impacts productivity. In the area of security, the Service Company supports the efforts of Operating Companies to insure the safety and security of Operating Company customers and employees.

Shared Service Center

Q21. Please describe the Shared Service Center ("SSC").

A. The SSC provides various accounting and financial activities on behalf of the Operating Companies, including IAWC. The services provided include, but are not limited to: general accounting, financial reporting, payroll processing and reporting, oversight of accounts payable and purchasing card transactions, invoice payments, the processing of capital expenditures and fixed asset processing, the receipt and distribution of cash (cash management), tax-related services, and providing support for the rates and regulation functions of IAWC and other American Water subsidiaries.

Operation of the SSC allows IAWC (and the other Operating Companies) to realize economies of scale that could not be obtained on a subsidiary stand-alone basis. Also, the use of specialized software technology at the SSC, such as for asset capitalization and maintenance, sales and use tax management, treasury workstation, automated cash handling, bank lockbox management and invoice scanning and documentation software, provide benefits to each Operating Company. The cost to purchase, implement, and train the users of these vital technologies would be higher for IAWC on a stand-alone basis. Centralizing the knowledge-base necessary to utilize these technologies allows IAWC (and other Operating Companies) to realize additional economies of scale.

Other Services

Q22. Are there other services available to IAWC through the Service Company?

A. Yes. The discussion above addresses the principal areas of service. The

Service Company, however, provides certain other services for the Operating Companies, including IAWC, which include:

(1) Business Development – This function provides coordination for the Operating Companies of business development resources, activities and reporting, including acquisition support and training;

(2) Regulatory Programs – This function provides the Operating Companies with expertise and support as needed with respect to regulatory issues and policies. Regulatory Programs also provides support for litigation involving rate cases and other regulatory proceedings or investigations, as well as civil litigation.

(3) Internal Audit – The Internal Audit team conducts periodic audits of accounts, records, policies and procedures; and

(4) Investor Relations – This function has strategic responsibility that integrates expertise in finance, communication, marketing and securities law compliance to enable effective communication with the financial community. Such programs maximize the financial resources of the Operating Companies, enabling them to support the infrastructure necessary to meet its public service obligations at a low cost to customers.

III. SERVICE COMPANY COST STUDY

Q23. Did the Service Company provide information which was utilized by Deloitte & Touche, LLP ("Deloitte & Touche") in preparing the Service Company Cost Study marked for identification as IAWC Exhibit 11.01?

A. Yes. As discussed in IAWC Exhibit 11.01, the Service Company provided to Deloitte & Touche information regarding the services expected to be provided to IAWC for the 2010 forecasted test year. This information included: an

identification of the business units and locations providing services; the functional areas of service; the categories of service to be provided; the job titles of the personnel expected to provide service; the number of positions by job title; the number of hours expected to be worked in providing service; and the cost expected to be incurred (including the cost of labor, labor overheads, building and office costs and other overheads). The information included the projected unitized cost per hour for each service.

The Service Company also worked with Deloitte & Touche in assigning the Service Company positions to the market service pricing categories identified by Deloitte & Touche through its market research. The alignment of Service Company personnel with the market categories was based on consideration, for each position, of the work responsibilities and the required level of education, training and experience.

Also, as discussed in IAWC Exhibit 11.01, Deloitte & Touche requested information from American Water with regard to the pricing of services offered to or obtained by American Water or one of its subsidiaries from non-affiliate providers in relevant markets. As discussed in IAWC Exhibit 11.01, Deloitte & Touche utilized this information to supplement the market data obtained from other sources. The Service Company obtained the supplemental data from sources throughout the American Water system, and provided the information to Deloitte & Touche. The forecasted Service Company hourly cost and supplement market data referenced above was utilized in preparing the following Schedules of IAWC Exhibit 11.01: 1.1, 2.1, 2.2, 3.1, 3.3, 4.1, 4.4, 5.1 and 5.2.

Each Schedule identifies the information that the Service Company provided. As shown, Schedules 1.1, 2.1, 3.1, 4.1 and 5.1 of Exhibit 11.01 were prepared by the Service Company.

The Service Company also provided to Deloitte & Touche with the forecasted customer service cost data for the Service Company shown on Schedule 7.1 of IAWC Exhibit 11.01. As in the case of the hourly cost data referenced above, the forecasted data utilized for Schedule 7.1 is based on the 2010 forecast data utilized for the test year.

Q24. Does this conclude your direct testimony?

A. Yes.

APPENDIX A

JOHN S. YOUNG, JR.

Business: American Water
1025 Laurel Oak Road
Voorhees, New Jersey 08043
856-346-8250

Education: B. S. Civil Engineering, Duke University, 1975;
M.S. Environmental Engineering, University of North Carolina at Chapel Hill, August 1977 (two year program)
Thesis: "Chloroform Formation in Public Water Supplies: A Case Study"; presented at the 97th Annual Convention of AWWA, May, 1977; published JAWWA February, 1979

Employment Record:

President
7/08 - Present

American Water Works Service Company
American Water Services
Responsible for the management of American Water Works Service Company which provides functional support services to the business and operation of American Water utility subsidiaries. Responsible for a business transformation program to improve process and efficiency, enhance customer service and replace antiquated IT systems across the business. Additionally responsible for facilitating and managing growth opportunities within American Water.

Chief Operating Officer
10/05 – 7/08

American Water
Responsible for developing and integrating the Company's strategic plan including establishing balance between the company's immediate business goals and long-term vision, developing and implementing policies, procedures and standards, as well as maintaining and enhancing quality service.

Vice President – Operations and Investment Performance
11/03 – 10/05

American Water
Responsible for the following functions/activities:

1) Identifying and implementing operational improvements, and efficiencies and best practices across the business;
2) Managing the Americas Region $600M capital program;
3) Risk Management – Health & Safety, Security and Event Management;
4) Environmental compliance, management and stewardship;

5) Engineering;
6) Research & Technology.
7) Assessment of commercial and growth initiatives.

Vice President – Technical Services
1/03 – 11/03

American Water
Responsible for managing the American Water technical services including the engineering, environmental management and research functions. Additionally, responsible for improving business performance through identifying and implementing operational efficiencies, material procurement and energy management initiatives. Provide technical leadership for commercial opportunities to maximize value and performance.

Vice President – Engineering
4/91 – 1/03

American Water Works Service Co., Inc.
Responsible for managing the engineering function of the American Water System. This includes the preparation of comprehensive planning studies for system operations in twenty-two (22) states and the design, design overview and construction management or projects involving water supply, treatment, pumping, distribution and transmission facilities. Responsibilities also include development of engineering standards, project management procedures, employee development and business development.

Director – Engineering Design
1/86 – 4/91

American Water Works Service Co., Inc.
Responsible for managing engineering design for American System Engineering Office. Responsibilities include:

1) Review and approval of in-house design of water treatment, pumping and storage facilities.
2) Development of detailed design concepts and coordination of water works design and construction.
3) Pilot plant testing and start-up of new or expanded facilities.
4) Instruction at training seminars.
5) Technical presentations.
6) Expert testimony.

Director – Engineering Planning
9/84 – 12/85

American Water Works Service Co., Inc.
Responsible for managing engineering planning for American System Engineering Office. This group developed Comprehensive Planning Studies for water systems which included water demand projections and regional water supply plans, analysis of sources of supply and production facilities and modeling of distribution systems.

Supervising Engineer
10/82 – 9/84

American Water Works Service Co., Inc.
Served as project engineer for the major design projects within System Engineering Office and supervised personnel on other design and planning projects.

System Environmental Engineer **12/79 – 10/82**	**American Water Works Service Co., Inc.** Project engineer with primary responsibility for process, hydraulic, chemical feed and instrumentation and control design and coordination of structural, electrical and HVAC for new and renovated water works facilities. These facilities included turbidity removal, greensand filtration, lime softening, GAC adsorption, air stripping and residual solids processing.
System Water Quality Engineer **10/78 – 12/79**	**American Water Works Service Co., Inc.** Evaluated the performance and efficiency of treatment facilities for American System Water Quality Office.
Director of Water Quality – Eastern Division **9/77 – 10/78**	**American Water Works Service Co., Inc.** Responsible for the review and implementation of recommendations to improve finished and raw water quality, treatment efficiency and laboratory.
Teaching Assistant **9/76 – 6/77**	**University of North Carolina** Involved the preparation and instruction of laboratory exercises for three graduate level courses in water and wastewater unit processes.
Student Research Assistant **9/75 – 9/76**	**Bogue Sound Water Quality Study** **University of North Carolina** Duties included field sampling and collection of background data to develop recommendations for pollution abatement.
Assistant Engineer **1975, 1976 (part-time)**	**Wiggins-Rimer & Associates** Collection and analysis of watershed and stream flow data for 208 regional water quality/quantity planning studies.
Professional Certifications	Registered Professional Engineer in multiple states.
Professional Organizations:	**National Drinking Water Advisory Council (2001- 2007)** NDWAC Affordability Workgroup NDWAC Water Security Workgroup **American Water Works Association** Standards Council Member Chair – AWWA/ASDWA Additives Committee 1992-1994 New Jersey Section Program Committee Chair 1994-1999 New Jersey Section Board of Trustees 1997 New Jersey Section Chair 1994 Fuller Award Recipient 2007 – 2010 AWWA Board of Directors **American Society of Civil Engineers** **Design/Build Institute of America** Board Member 2004-2010 Treasurer 2009

USEPA Effective Utility Management Workgroup

Court Appointed Special Master, Jefferson County Alabama – Sewer System. November 2008

Civic:

Trinity Presbyterian Church
Board of Deacons
Moderator – Board of Deacons
Elder – Session
President – Board of Trustees
Chair - $1.5 Million Capital Campaign

Awards:

Betty Anne Simon Dollar Energy Low Income Community Award, 2007.

Distinguished Alumnus Award: University of North Carolina – Chapel Hill, School of Public Health, 2008.

Presentations and Publications:

- "Effective Utility Management Application of the EUM Primer", presented at the 2009 AWWA/WEF Utility Management Conference, in New Orleans, LA, February 2009.
- "Energy Management & Alternative Energy Use in the Water Sector", presented at the Mayors Water Council Summit, in Palm Beach, FL, November 2008.
- "Privatization/Regionalization in Water Resource Management", presented at a memorial symposium for Dr. Daniel A. Okun, in Chapel Hill, NC, November 2008.
- Key Note Speaker, NJAWWA Annual Conference, Atlantic City, NJ, March 2008.
- "State of the Sector – Water Emerging Trend" presented at the Center for Public Utilities Current Issues Conference, in Santa Fe, NM, March 2008.
- "Water Resource Technologies" presented at the National Drinking Water Symposium, in La Jolla, CA, October 2007.
- Keynote – "U.S. Water System Needs and Affordability" presented at the National Low Income Energy Consortium Conference (NLIEC), in Nashville, TN, June 2007.
- "Emerging Water Utility Trends" presented at the New Jersey Section – American Water Works Association, March 2007.
- "Effective Water Utility Management – Goals, Performance, Planning & Leadership" presented at the New Jersey American Water Works Association Seminar, February 2007.
- "Challenges and Benefits of Total Water Management" Published in *Underground Infrastructure Management*; November/December 2006.

- "Challenges and Benefits of Total Water Management", Published in *Journal* of the American Water Works Association; June 2006.
- "A Paradigm Shift for Owners", Design-Build and the Water/Wastewater Sector: Risks and Opportunities, Published in *Design-Build DATELINE*; January 2006.
- "Emerging Water Utility Trends" presented at the Association of Metropolitan Water Agencies, 2005 Annual Meeting; October 2005.
- "American Waters Business Process Transformation: Enhancing Asset Management" presented at the American Water Works Association, National Convention; June 2005.
- "High Performance Supply Chain" presented at the International Utilities and Energy Conference – Barcelona, Spain; April 2005.
- "Affordability: An Industry Perspective" presented at the National Association of Water Company Conference; October 2004.
- "Small Systems Affordability" presented at the National Association of Regulatory Utility Commissioners (NARUC) Conference; February 2003.
- "Automation and Instrumentation, Making the Most of Technology in Our Operations" presented for American Water Works Association teleconference; November 2000.
- "The Future of Drinking Water Treatment" presented to the American Water Works Association – Water Quality Technology Conference; November 1999.
- "Waste Stream Recycle" presented to U.S. EPA Stakeholders Meeting for Filter Backwash Recycle Rule; July 1998.
- "Innovative Project Delivery Techniques" presented to the American Water System – Annual Business Forum; April 1997.
- "Facility Reliability and Reserve Capacity" presented to the American Water System – Annual Business Forum; May 1996.
- "Facility Automation" presented to the American Water System – Annual Business Forum"; May 1995.
- "Source Remediation" presented to the American Water System – Annual Business Forum"; May 1995.
- "Industry Leadership through Participation in Water Industry Activities" presented to the American Water System – Annual Business Forum; May 1994.
- "Preparing a Request for Proposal" presented to the American Commonwealth Management Service meeting; March 1990.

- "Using Technology as a Management Tool – Management through Facility Design" presented at American Water System Management Seminar; May 1988.
- "Process Selection for Arsenic Removal" presented to the Indiana Section – American Water Works Association; November 1987.
- "Pilot Treatment Studies for the Kentucky River" presented to the Kentucky-Tennessee Section – American Water Works Association; September 1987.
- "On-Line Instrumentation – Practical Consideration" presented to the New Jersey Section – American Water Works Association; March 1986.
- "Pilot-Scale Investigation of Air Stripping for Removal of Volatile Organics" presented to New Jersey Section – American Water Works Association; September 1981.
- "Utilization of Belt Filter Press for Dewatering Water Treatment Plant Sludge" presented to the New Jersey Section – American Water Works Association; September 1981.
- "Operating Experience with Granular Activated Carbon" presented to the New Jersey Section – American Water Works Association; September 1979.
- "Chloroform Formation in Public Water Supplies: A Case Study" presented to the 97th Annual Convention of the American Water Works Association; May 1977. Published in *Journal* of the American Water Works Association; February 1979.
- "Adsorption of Alkyl Phenols by Activated Carbon"; Singer, Yen, Young; presented at American Chemical Society – Division of Environmental Chemistry; September 1978.
- "Adsorption of Phenolic Constituents of Coal Conversion Wastewaters"; Singer, Yen, Young; presented at the Purdue Industrial Waste Conference; 1977.

Guest Lecturer: Johns Hopkins University: "Pilot Studies for Process Selection".
Rowan University: "Challenges in the Water Industry".
Lehigh University: "Water Treatment Process Selection Criteria"

Instructor: American Water System – Water Treatment Plant Design Course.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees: Michael A. Miller

Question:

37. Please provide all ***Workpapers*** or other ***Documents*** prepared in connection with, transmitted in connection with, or which concern, refer to, or relate to the ***Baryenbruch Report,*** including, without limitation all ***Workpapers*** and source ***Documents*** that support the calculation of the $59 per customer figure depicted on page 11 of the ***Baryenbruch Report.***

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome. The Company further objects to this request to the extent it seeks privileged communications or work product. Without waiving these objections, at the Monday November 22, 2010 status conference the intervenors, TRA and the Company agreed that communications with expert witnesses would not be produced. The Company has produced Mr. Baryenbruch's testimony and the work papers that support his testimony. See the Company's response TN-TRA-01-Q13, subfolder Patrick Baryenbruch. In addition, see the Company's response to TN-COC-01-29.

Please see TN-COC-01-Q37-ATTACHMENT for the calculation of the $59 per customer. The FERC back-up data for the calculation can be found on the enclosed CD in Folder TN-COC-01-Q37. Please refer to the excel file labeled as TN-COC-01-Q37-ATTACHMENT 2.

Tennessee American Water Company
TN-COC-01-Q37

		12 Months ended Mar 31, 2010 Svc. Co. Charges
Testable Service Company charges	$	5,320,328
Less: Capital charges	$	(311,927)
Less: Non-A&G function O&M charges		
Engineering	$	(10,568)
Operations	$	(541,144)
Water Quality	$	(97,262)
Net A&G/O&M-related charges	$	4,359,427
TAWC customers		74,475
TAWC Cost Per Customer	**$**	**59**

Capital Charges	$	311,927
Non-A&G O&M Charges		
Engineering	$	10,568
Operations		
Operations Function	$	443,882
Regional FRCC	$	97,262
Total Operations	$	541,144
Water Quality	$	148,344
Total	**$**	**1,011,983**

This file has been produced in native format.:

Name: TN-COC-01-Q37-ATTACHMENT 2 - CD ONLY.xlsx

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Tom McKitrick

Question:

38. Identify and provide copies of all ***Documents*** constituting, referring to, or relating to billing contracts referred to in testimony of John S. Young, Jr. before the Public Utilities Commission of the State of California.

Response:

The Company objects to this question on the grounds that it is overly broad, unduly burdensome, and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, Mr. Young's testimony addressed third party billing and collections agreements for the California operations. TAWC does provide third-party billing services such as sewer billing services to the City of Chattanooga and several other sanitary boards in the Chattanooga area. TAWC's situation is entirely different than California American's situation. Please see page 31 of the Schumaker Management Audit regarding third party billing services provided by TAWC.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

39. Please provide a copy of all advertising, promotional, or descriptive materials made available to potential customers and all contract forms used in connection with the "Service Line Protection Program" offered by ***TAWC*** to its customers.

Response:

The Company objects to this question on the grounds that the request is overly broad, unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Company's only involvement in the Service Line Protection Program is to provide third party billing and collection services at the TRA approved tariff for such third party billing services. TAWC does not provide the "Service Line Protection Program". See the responses to TN-CAPD-01-Q77 and Q78. Also see the attached contract between TAWC and AWR that is identified as TN-C0C-01-Q39-ATTACHMENT 1 as well as the attached sample of the advertisements used by AWR in Tennessee attached and identified as TN-COC-01-Q39-ATTACHMENT 2.

Tennessee American Water

May 19, 2004

Clifford C. Groh
Director Business Development & Operations
American Water Resources, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Dear Cliff:

Enclosed is the fully executed Affiliate Agreement between American Water Resources (AWR) and Tennessee American Water Company (TAWC).

Thank you for your assistance in finalizing this Agreement.

Sincerely,

Herb Miller 5/28

Herbert A. Miller, Jr.
Vice President & Corporate Counsel

Enclosure

c: David B. Schultz

John's copy

American Water
Herbert A. Miller, Jr.
VP & Regional Counsel
2300 Richmond Road
Lexington, KY 40502
USA
T +1 859 268 6339
F +1 859 268 6327
I www.tawc.com

RWE

AGREEMENT FOR SUPPORT SERVICES

BETWEEN

AMERICAN WATER RESOURCES, INC.

AND

TENNESSEE AMERICAN WATER COMPANY

May 1, 2004

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AGREEMENT FOR SUPPORT SERVICES

BETWEEN

AMERICAN WATER RESOURCES, INC.
AND
TENNESSEE AMERICAN WATER COMPANY

This Service Agreement, dated as of the 1st day of May, 2004 (the "Agreement"), is by and between the AMERICAN WATER RESOURCES, INC. (AWR), a corporation organized and existing under the laws of the Commonwealth of Virginia, with its principal office located at 1025 Laurel Oak Road, Voorhees, New Jersey 08043, and TENNESSEE AMERICAN WATER COMPANY (Utility), a corporation organized and existing under the laws of the State of Tennessee, with its principal office located at 1101 Broad Street, Chattanooga, Tennessee, 37401.

WHEREAS, AWR provides certain services to utility customers, as more particularly described on Appendix A which is attached hereto and incorporated herein by reference, which list may be modified or amended from time to time by AWR (hereinafter the "Programs"); and

WHEREAS, Utility is the owner of a public water supply system; and

WHEREAS, many of Utility's residential customers may desire to and qualify to participate in one or more of AWR's Programs; and

WHEREAS, Utility desires to make certain or all of the Programs available to its customers upon the terms and conditions contained herein; and

WHEREAS, AWR desires to contract with Utility for certain customer support services for the Programs; and

WHEREAS, Utility possesses the necessary ability and experience to provide such customer support services and is willing to provide such services for the Programs upon the

terms and conditions contained herein; and

WHEREAS, it is the mutual desire of the parties to enter into this Agreement providing for the customer support for the Programs;

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein, and subject to the terms and conditions herein stated, AWR and Utility agree as follows:

SECTION 1. Definitions.

The following words and phrases when used in this Agreement shall have the following meaning:

"Agreement" means this Agreement between AWR and Utility.

"Force Majeure" means those events set forth in Section 13 of this Agreement.

"Fully Distributed Costs" means costs determined in a manner that complies with the standards and procedures for the apportionment of special, joint, and common costs between the Utility and any non-regulated entity in accordance with applicable regulations of the State commission or board having jurisdiction over the operations of Utility, except taxes as discussed in Section 5. A fully distributed costing methodology apportions the total costs of a group of services or products, including the authorized rate of return, among the individual services or products in that group.

Should the commission or board having jurisdiction over operations of Utility assign different costs than Utility has assigned, such commission or board assigned costs, once such assignment is final and non-appealable, shall be the Fully Distributed Costs, until such time as such commission or board assigns different costs, at which time such newly assigned costs shall be the Fully Distributed Costs. Whether to appeal a decision of the commission or board shall be in Utility's sole discretion.

"Services" means all of the duties, obligations, and services as defined herein to be provided by Utility that are related to the performance and operation of AWR's Programs.

SECTION 2. Appointment of Utility.

AWR hereby engages and appoints Utility to provide certain customer support services for the Programs.

SECTION 3. Term; Termination.

3.1 Term. The term of this Agreement shall commence on April 15, 2004, and be for a period of one (1) year unless sooner terminated or extended as hereinafter provided.

3.2 Renewal. The Agreement will automatically renew itself for periods of one (1) year, each following one after the other, unless either party gives written notice of termination to the other party in accordance with Section 3.3.1.1.

3.3 Termination.

3.3.1 Termination Without Cause:

3.3.1.1 Procedure - After the initial one (1) year term, this Agreement may be terminated without cause or penalty by either party upon giving the other party sixty (60) days written notice in advance of the date upon which the termination becomes effective. This Agreement shall automatically terminate at such time as either party, or its successor is no longer an affiliate of American Water Works Company, Inc.

3.3.1.2 Transition Services Following Termination Without Cause - Upon termination of the Agreement without cause, Utility shall continue to provide services to AWR, at AWR's request, for a period of not longer than sixty (60) days during AWR's transition to another service provider. Such transition services shall be provided under and subject to the same terms and provisions of this Agreement, including compensation.

3.3.2 Termination Upon Material Breach - Either party to the Agreement may terminate this Agreement upon material breach by the other party. The non-breaching party shall provide written notice of such breach to the other party, setting forth in detail the alleged failure and/or deficiency, and, if such breach is not corrected within thirty (30) days from receipt of written notice by certified mail, this Agreement shall be terminated.

SECTION 4. Compensation.

4.1 Fee. The fee paid to Utility by AWR for Services rendered pursuant to this Agreement shall be equal to one hundred and fifteen (115%) percent of the Fully Distributed Costs incurred by Utility in providing the Services except for billing and collection services. The Fee for billing and collection services rendered by Utility as set forth in Paragraph 6.1.3 below shall be at a rate of $.405 per customer per billing period and apply in the aggregate to customers participating in one or more of AWR's Programs. The $.405 rate may be adjusted from time to time as determined by the agency having regulatory authority over Utility to be consistent with any other such billing and collection service rates charged by Utility, under tariff, to others.

4.2 Allocation by Regulating Authority. Notwithstanding the fee schedule contained in Section 4.1, should the agency having regulatory authority over Utility disallow any cost of the Utility in excess of the Fully Distributed Costs as a result of the services provided to AWR pursuant hereto, AWR shall reimburse Utility for such disallowed costs, within thirty (30) days of receipt of notice of same and the fees due pursuant hereto shall be adjusted to reflect such allocation by such regulatory authority.

4.3 Reporting and Payments.

4.3.1 Utility shall maintain detailed records of all costs incurred in providing services to AWR. Utility will make such detailed records available for AWR's periodic review upon request by AWR, during normal business hours, at Utility's principal office.

4.3.2 Utility shall invoice AWR monthly or quarterly, at Utility's discretion, for the fee for services on or about the tenth business day of each billing period during the term of this Agreement. The invoice shall detail the services provided and the costs incurred. AWR shall pay such fee to Utility within fifteen (15) days of the date of the invoice.

SECTION 5. Taxes.

Any tax or other amount which Utility may be required to pay to or collect for a government agency upon or with respect to the Services rendered hereunder, or the use or delivery of any products or parts thereof on behalf of AWR, except income taxes, will be billed to AWR as separately stated charges and will be paid by AWR in addition to the fees paid pursuant to Section 4. In the event AWR disputes the taxability of an item hereunder, Utility will continue to collect such tax unless and until AWR provides Utility with documentation authorized and prescribed by the taxing authority, such as a certificate of exemption, relieving Utility from liability for the collection and payment of such tax.

SECTION 6. Scope of Services.

6.1 Utility agrees that it shall provide the following customer support services for the Programs in accordance with the terms and provisions of this Agreement:

6.1.1 Distribution of Promotional Materials. Upon request of AWR, Utility shall manage and direct the distribution of informational and promotional materials regarding the Program to its customers. Such materials shall be developed by AWR and provided to Utility in

sufficient quantities and in a timely manner so as not to impede any planned distribution efforts by Utility. The materials shall be distributed as a part of Utility's normal billing process, unless arrangements are made, at least sixty (60) days in advance, for a special mailing. The materials provided by AWR must be satisfactory in form and content to Utility, and nothing in this Agreement shall require Utility to distribute any materials that are not satisfactory to Utility. Utility shall make all reasonable efforts to promptly notify AWR when additional quantities of promotional materials are needed. Utility shall have the sole discretion to determine the customers who will receive the informational and promotional materials for the Program.

6.1.2 Notification of Claim. Should a Utility associate, as a part of his/her normal duties, determine that a Utility customer has a covered occurrence with the Customer's water or sewer service line, the Utility associate shall notify AWR by calling a toll-free telephone number to be supplied by AWR. AWR shall then engage a qualified contractor to provide the covered services to the customer. AWR shall timely provide the necessary information to cause Utility's customer records to reflect when coverage is available.

6.1.3 Billing and Collection. AWR shall provide Utility with a list of enrolled customers in its Programs who have chosen to have charges from AWR included on their bill from Utility, and shall keep such list up to date. Utility shall include such charges on the customer's bill and collect such charges from the customer until such time as the customer or AWR notifies Utility that the customer is no longer receiving service from AWR or has elected a different payment option. Utility shall forward collected payments from enrolled customers to AWR within fifteen days following the end of each calendar month for amounts collected during such month. All payments made by the customer shall be credited first to payment of any amount owed for utility service furnished by Utility; any remainder shall first be credited to

payment of any amount owed for utility service furnished by someone other than Utility but shown as a line item on the bill sent to the customer by Utility; and any remainder shall then be credited to payment of any amount owed to AWR. Utility shall not interrupt, cease or refuse utility service to a customer for non-payment of amounts owed to AWR. AWR shall be responsible for all collection efforts for non-payment by Utility customers for AWR Programs.

6.1.4 Other Services. Utility shall perform such other and further services as are agreed to in a Service Order in the form attached hereto as **Exhibit 1** executed by the parties during the Term hereof.

SECTION 7. Provision of Information.

Except as provided herein, any specifications, diagrams, sketches, models, examples, tools, computer or other apparatus, programs, software, technical or business information, written, oral or otherwise (all thereinafter collectively referred to as "Confidential Information"), furnished by one party (hereinafter referred to as the "Disclosing Party") to the other party (hereinafter referred to as the "Receiving Party") under this Agreement or in contemplation of this Agreement will remain the property of the Disclosing Party and will be held Confidential by the Receiving Party. All copies of such information will be returned to the Disclosing Party upon request. The Receiving Party, and any individual assigned by the Receiving Party will not permit the duplication, use or disclosure of the Confidential Information whether such disclosure be oral, written, in the form of computer tapes, drawings or other medium to any person other than the Receiving Party's employees, agents or representatives who must have such information to provide the Services, unless otherwise specifically authorized in writing by the Disclosing Party.

Confidential Information does not include any information which, at the time of disclosure, is generally known by the public, is rightfully obtained from third parties, is independently developed by the Receiving Party and any individual assigned by the Receiving Party outside the scope of its performance herein, or had been in the possession of the Receiving Party and any individual assigned by the Receiving Party prior to its commencement of the performance of its services.

The Receiving Party and any individual assigned by the Receiving Party agrees that: (1) this covenant not to disclose our use Confidential Information shall survive termination of this Agreement; and (2) it shall be liable for any and all breaches of such covenant by the Receiving Party, it employees, agents or representatives, whether such breach occurs during or after the term of this Agreement.

The Receiving Party shall take such steps as may be necessary in order to limit access to the Confidential Information on a need-to-know basis and assure compliance by the employees, agents and representatives to whom such information is given.

The provisions of this section shall survive termination of this Agreement.

It is understood that the Receiving Party may be required to furnish information to judicial, regulatory, or administrative bodies. In such an event, the Receiving Party will promptly notify the Disclosing Party of such requirement and will cooperate with the Disclosing Party should the Disclosing Party desire to seek a protective order to prevent the public disclosure of its information.

SECTION 8. Compliance with Laws.

Both parties agree to comply with the provisions of the Fair Labor Standards Act of 1938, as amended, and all other applicable federal and state laws, rules, regulations and codes with

which they are obligated to comply in the performance of this Agreement, including the procurement of permits and certificates where needed. Both parties further agree not to discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age or handicap, and to comply with all applicable federal and state laws, orders, rules and regulations on this subject during the performance of this Agreement.

This Agreement shall be subject to any and all applicable federal, state and local laws, regulations, and ordinances, as well as any applicable tariffs. To the extent necessary, the parties agree to amend this Agreement to conform to the requirements of any such laws, regulations, ordinances, or tariffs.

AWR shall provide Utility with evidence reasonably requested by Utility to demonstrate compliance herewith.

SECTION 9. Insurance.

9.1 AWR shall, during the term of this Agreement, maintain the following insurance coverages with respect to the Programs, and shall include Utility as an Additional Insured:

9.1.1 Comprehensive General Liability, including Products and Completed Operations, and Contractual Liability with limit of $2,000,000, combined single limit.

9.1.2 Comprehensive Automobile Liability with limit of $2,000,000, combined single limit.

9.1.3 Excess Comprehensive General and Automobile Liability with limit of $2,000,000, excess of $2,000,000.

9.2 AWR shall cause each contractor it engages to perform services under the Programs (collectively "Repair Contractors"), during the term of this Agreement, to maintain the

following insurance coverages with respect to the Programs, which coverages in subsections 9.2.1-9.2.3 shall include Utility as an Additional Insured:

9.2.1 Comprehensive General Liability, including Products and Completed Operations, and Contractual Liability with limit of $1,000,000, combined single limit.

9.2.2 Comprehensive Automobile Liability with limit of $1,000,000, combined single limit.

9.2.3 Excess Comprehensive General and Automobile Liability with limit of $1,000,000, excess of $1,000,000.

9.2.4 Workers Compensation coverage with Statutory Limits.

9.3 AWR shall, and shall cause its Repair Contractors to, furnish Utility with certificates of insurance evidencing coverage as required by this Paragraph.

SECTION 10. Obligations of AWR.

10.1 Development of Informational Materials. AWR shall be responsible for developing, producing, and printing all informational materials for the Programs, and supplying such materials to Utility. AWR shall provide Utility with the opportunity to review and approve all such materials in advance of any distribution to Utility's customers.

10.2 Training. AWR shall provide all necessary training and information to Utility personnel as is necessary to allow Utility to fully perform hereunder. Such training will be specific to educating Utility employees in the operation, terms, and conditions of the Programs. Utility shall make the necessary arrangements to provide a location for such training at or near Utility's facilities.

10.3 Contractors. AWR shall be responsible for engaging qualified independent contractors to perform the services included in the Programs. AWR shall contract with and

maintain a sufficient number of contractors to perform promised services under the Programs, during the term of this Agreement. The cost of all services provided by such contractors shall be paid by AWR. Nothing in this Agreement shall be deemed to create any obligation on the part of Utility to undertake performance of any such services or pay for such services by the contractors engaged by AWR.

10.4 Administration. AWR shall be responsible for coordinating all administrative activities for the Programs and its customers including, but not limited to, enrollments, billings, accounting, marketing, financial analysis and reporting. AWR shall promptly notify Utility of customer enrollments in the Programs, including any changes in enrollment or billing status.

SECTION 11. Joint Obligations of the Parties.

11.1 AWR and Utility agree to cooperate to review existing planning, management and operations practices for the Programs.

SECTION 12. Arbitration.

It is the stated intent and purpose of both parties at all times to reach agreement by negotiation between AWR and Utility, without recourse to arbitration. In the event, however, that such dispute or difference is not settled, either party may request that the matter be referred to arbitration. The demand for arbitration must be submitted to the American Arbitration Association within sixty (60) calendar days after the date of such request, in which case the arbitration shall cover and resolve any then existing controversy or claim between the parties hereto which directly or indirectly arises out of or relates to this Agreement. The arbitration shall be conducted in the Chattanooga, Tennessee in accordance with the rules and procedures then existing under the Commercial Arbitration Rules of the American Arbitration Association, provided that notwithstanding anything to the contrary contained in such Rules the following

shall apply: The arbitration board shall consist of three arbitrators. AWR shall choose one arbitrator and Utility shall choose one arbitrator. If the two arbitrators appointed by the parties fail to agree within five (5) business days upon the selection of a third arbitrator, the third arbitrator shall be selected from a list of arbitrators supplied by the American Arbitration Association or otherwise in accordance with such Rules. After the appointments of the third arbitrator, the arbitration board shall meet as necessary for the purpose of reaching a determination in the dispute or difference, and the decision of the majority of the board, submitted in writing, to AWR and Utility shall be final and binding upon both parties. Judgment upon any decision rendered by such arbitration board may be entered in any court having jurisdiction. Each party shall bear the expense of its own arbitrators and witnesses, and the expenses of the third arbitrator and any general expenses of the arbitration shall be born equally by both parties.

SECTION 13. Force Majeure.

If, because of any act or occurrence beyond the reasonable control of either party, including, without limitation, acts of God, legislation or lawful regulations of any governmental body, court orders, fire, flood, explosion, strikes, labor disputes or shortage, wars or civil commotion, either party is reasonably prevented from performing any or all of its obligations hereunder, and if the party unable to perform shall be required to resume performance of its obligations under this Agreement upon the termination of the aforementioned Force Majeure, any time or date limitations shall be extended to the extent such party is so prevented.

SECTION 14. Assignments.

This Agreement shall not be assigned by either party without the prior written consent of the other party unless such assignment shall be to an affiliate or successor of either party.

SECTION 15. Amendments.

This Agreement may be modified only by a written amendment signed by both parties.

SECTION 16. Notices.

All notices provided for in this Agreement shall be in writing and shall be deemed to have been given when hand delivered or deposited in the U.S. mail, postage prepaid, registered or certified, return receipt requested, as follows:

If to AWR:

American Water Resources, Inc.
1025 Laurel Oak Road
Voorhees, New Jersey 08043
Attention: Walter Lynch, President

If to Utility:

Tennessee American Water Company
1101 Broad Street
Chattanooga, Tennessee 37401
Attention: David B. Schultz, President

SECTION 17. Governing Law.

This Agreement, including the validity thereof and the rights and obligations of the parties thereunder, shall be construed in accordance with, and governed by the laws of the State of Tennessee.

SECTION 18. Indemnification.

18.1 AWR shall, and shall cause its Repair Contractors to, defend, indemnify and hold harmless Utility, its officers, directors, employees and agents from and against any and all liability, including liability to third parties, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suits and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of negligence or wrongful or willful misconduct on the part of AWR, its Repair Contractors, or their respective officers, employees, agents, contractors, and subcontractors in connection with the services rendered to Utility by AWR pursuant to the terms of this Agreement.

18.2 Utility shall defend, indemnify and hold harmless AWR, its officers, directors, employees and agents from and against any and all liability, including liability to third parties, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suits and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of negligence or wrongful or willful misconduct on the part of Utility, its officers, employees, agents, contractors, and subcontractors in connection with the services rendered to AWR by Utility pursuant to the terms of this Agreement.

SECTION 19. No Waiver.

The failure of a party to insist on strict performance of any or all of the terms of this Agreement, or to exercise any right or remedy under this Agreement, shall not constitute a waiver or relinquishment of any nature regarding such right or remedy or any other right or remedy. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

SECTION 20. Severability.

In case one or more of the covenants, terms or provisions contained in this Agreement shall be held invalid, illegal, or unenforceable in any respect, the validity of the remaining covenants, terms, and provisions contained herein shall be in no way affected, prejudiced, or disturbed and the remaining covenants, terms, and provisions shall remain in full force and effect.

SECTION 21. No Third-Party Beneficiaries.

No customer of the Programs, contractors of AWR, or any other third party shall be deemed a third-party beneficiary of this Agreement.

SECTION 22. Independent Contractor.

It is understood that the relationship of Utility to AWR is that of an independent contractor and not that of an employee and or agent of AWR. None of the employees or agents of Utility shall be considered employees of AWR. None of the employees or agents of AWR shall be considered employees of Utility. Each party shall be wholly responsible and liable for the employment taxes and withholdings due as a result of their performance hereunder.

SECTION 23. Complete Agreement.

This Agreement sets forth the entire understanding of the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to the subject matter hereof and my not be modified except in a writing executed by both parties.

SECTION 24. Titles and Headings.

Titles and headings to sections or paragraphs herein are inserted merely for convenience of reference and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

SECTION 25. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 26. Condition Precedent.

This Agreement may be conditioned upon any necessary approval of the Tennessee Regulatory Authority.

SECTION 27. Limitation of Liability.

NEITHER PARTY WILL BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, WHETHER ARISING OUT

OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, ATTRIBUTABLE TO OR RESULTING FROM ITS PERFORMANCE HEREUNDER. In no event will Utility's liability for damages caused by its failure to supply material or perform services in a proper or timely manner exceed the amount paid by AWR to Utility for such materials or services.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, as of the day and year first above written.

ATTEST:

Secretary

(SEAL)

AMERICAN WATER RESOURCES, INC.

By: _____
President

ATTEST:

Secretary

(SEAL)

TENNESSEE AMERICAN WATER COMPANY

By: _____
President

APPENDIX A

Water Line Protection Program:

For a periodic fee, Utility customers may enroll in the Water Line Protection Program that, subject to its terms and conditions, provides a service to repair customer-owned water lines that leak or break due to normal wear and tear.

Sewer Line Protection Program:

For a periodic fee, Utility customers may enroll in the Sewer Line Protection Program that, subject to its terms and conditions, provides a service to clear or repair blocked customer-owned sewer lines that become clogged or blocked due to normal wear and usage.

Exhibit 1

SERVICE ORDER

American Water Resources, Inc. (AWR) hereby engages Tennessee American Water Company (Utility) to perform the following services, pursuant to the Agreement for Support Services executed between the parties on May 1, 2004:

Water and Sewer Line Protection Programs:

1. Distribution of Promotional Materials. See Section 6.1.1 for scope of services.

2. Repair Service Initiation. See Section 6.1.2 for scope of services.

3. Distribution of Customer Surveys. From time to time, AWR may develop customer surveys designed to measure customer satisfaction with the Programs, and if necessary, make Program enhancements. AWR shall submit such survey materials to Utility for review and comment prior to distribution to customers.

4. Billing and Collecting. Utility shall bill each of its customers who AWR identifies as having requested service and billing from Utility by a line item on the customer's water bill. AWR shall furnish reasonable evidence that a customer has requested the service to Utility upon Utility's request. Utility shall collect payments from the enrolled customers and forward same to AWR within fifteen days following the end of each calendar month for amounts collected during such month. All payments made by the customer shall be credited first to payment of any amount owed for utility service furnished by Utility; any remainder shall first be credited to payment of any amount owed for utility service furnished by someone other than Utility but shown as a line item on the bill sent to the customer by Utility; and any remainder shall then be credited to payment of any amount owed to AWR. Utility shall not interrupt, cease or refuse utility service to a customer for non-payment of amounts owed to AWR. AWR shall be responsible for all collection efforts for non-payment by Utility customers for AWR Programs.

AMERICAN WATER RESOURCES, INC.

By:_____
President

TENNESSEE AMERICAN WATER COMPANY

By:_____
President

PRSRT STD
US POSTAGE
PAID
American Water
Permit No.
6002
TENNESSEE
AMERICAN WATER
1101 Broad St., P.O. Box 8368
Chattanooga, TN 37414
IMPORTANT CUSTOMER CORRESPONDENCE

IMPORTANT CUSTOMER CORRESPONDENCE

**********AUTO**MIXED AADC 430
Jeremy Kierman
1025 Laurel Oak Rd
Voorhees, NJ 08043-3506

SUBJECT: Your responsibility
for Water and Sewer Line repairs
at 2315 E 5th St Apt# B

RESPONSE REQUESTED: 10/31/09

Dear Jeremy Kierman,

As a valued Water Customer, you are receiving this Important Correspondence to advise you of certain property owner responsibilities.

Did you know that normal wear and tear can cause a break in your Water Line and blockage in the Sewer Line that runs through your property? And did you know that, as the property owner, you are responsible for both?

Many homeowners are NOT aware
that Water and Sewer Line damage under their property
is THE LEGAL RESPONSIBILITY OF THE PROPERTY OWNER.

And many don't realize that thousands of dollars
in repair costs are NOT COVERED
BY STANDARD HOMEOWNER INSURANCE POLICIES.

In addition, Jeremy Kierman, many homeowners are NOT aware that they are also **responsible for finding a reliable contractor to do the work.** And that can be a difficult task considering the equipment required to repair an underground Water or Sewer Line.

To help protect our Water Customers, American Water Resources®, an affiliate of Tennessee American Water®, has developed **a low-cost Program that takes all these responsibilities off your shoulders.** And when you

Save $24 a year →

(Over, please)

000003250

enroll during this Special Offer, your cost is **just $12 a month!** (That's a **savings of $24 a year** compared to the cost of protecting your Water and Sewer Lines separately!)

WHENEVER DAMAGE OCCURS: American Water Resources takes on the responsibility to find a reliable contractor in your area.

WHEN REPAIRS BEGIN: American Water Resources is responsible to pay the contractor as much as $4,000 for Water Line repairs ... PLUS ... as much as $8,000 for Sewer Line repairs.

WHEN THE WORK IS DONE: American Water Resources stands by the repairs!

We are pleased to make this valuable Program available only to our Water Customers through our affiliate, American Water Resources, Inc. And we encourage you to enroll as soon as possible.

Enroll during this Special Offer, and your cost is just $12 a month!
(SAVE $24! It's like getting two months a year FREE!)

So please don't delay. I encourage you to complete and return the Immediate Action Form today!

Sincerely,

John Watson
President

P.S. You can't prevent underground water and sewer line damage. But now, for just $12 a month, you can protect yourself against **thousands of dollars** in repairs and **hours of frustration**. Take advantage of our Special Offer and enroll today!

$50 service fee applies for the sewer line program only when a contractor is dispatched to your home.
If you live in a dwelling such as a condo, duplex or townhouse, please contact your local homeowners association to determine if you are responsible for your water and sewer lines, as in some states you would not have ownership of the water line or sewer line.

For complete Terms & Conditions of this program, please go to www.amwaterresources.com/termsandconditions.

000003250
TN12099B

AWRLTRIC12

TN-COC-01-Q39-ATTACHMENT 2
Page 3 of 14

IMMEDIATE ACTION FORM

☑ YES! I want *protection* and *peace of mind.* Enroll me in the:

SELECT ONE:	MONTHLY FEE:
☐ SERVICE LINE TOTAL PROTECTION PROGRAM (SAVE $24 A YEAR!)	$12.00
☐ WATER LINE PROTECTION PROGRAM ONLY	$5.00
☐ SEWER LINE PROTECTION PROGRAM ONLY	$9.00

HOMEOWNER NAME: Jeremy Kierman

SERVICE ADDRESS:
2315 E 5th St Apt# B
Chattanooga TN 37302

MAILING ADDRESS:
1025 Laurel Oak Rd
Voorhees NJ 08043-3506

Reference Number: 99999999

CONTACT INFORMATION: Home Phone (required): ( )

E-mail:

☑ **DON'T PAY NOW! — ADD DIRECTLY TO MY TENNESSEE AMERICAN WATER BILL**

I authorize the program amount selected above ***to be added to my monthly Tennessee American Water bill*** in accordance with the Terms and Conditions of the Program.

By signing this enrollment form you agree to all of the water line and sewer line program terms and conditions, subject to your receipt and review. A copy of the terms and conditions will be sent to your mailing address with your confirmation letter within approximately 3 weeks of our receipt of your enrollment. Coverage begins 30 days after enrollment form is processed by American Water Resources, Inc. (AWR), and you can cancel at any time. For complete Terms & Conditions of this program, please go to www.amwaterresources.com/termsandconditions. Response requested by 10/31/09. After 10/31/09 call 1-866-315-4471 for current offer. By providing AWR your e-mail address, you agree to receive e-mail from AWR including account updates and other information about AWR programs. To unsubscribe from being contacted by AWR via e-mail, contact us at 1-866-315-4471 or awrunsub@amwater.com.

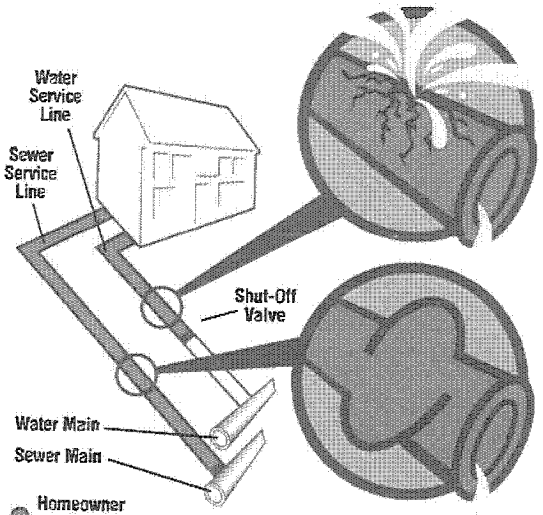
X Signature: _____ Date: _____

RESPONSE REQUESTED BY: 10/31/09

AMERICAN WATER RESOURCES
1410 Discovery Parkway
Alton, IL 62002

If The Water Line Leaks Or Sewer Line Clogs On Your Property, YOU ARE LEGALLY RESPONSIBLE FOR THE REPAIRS.

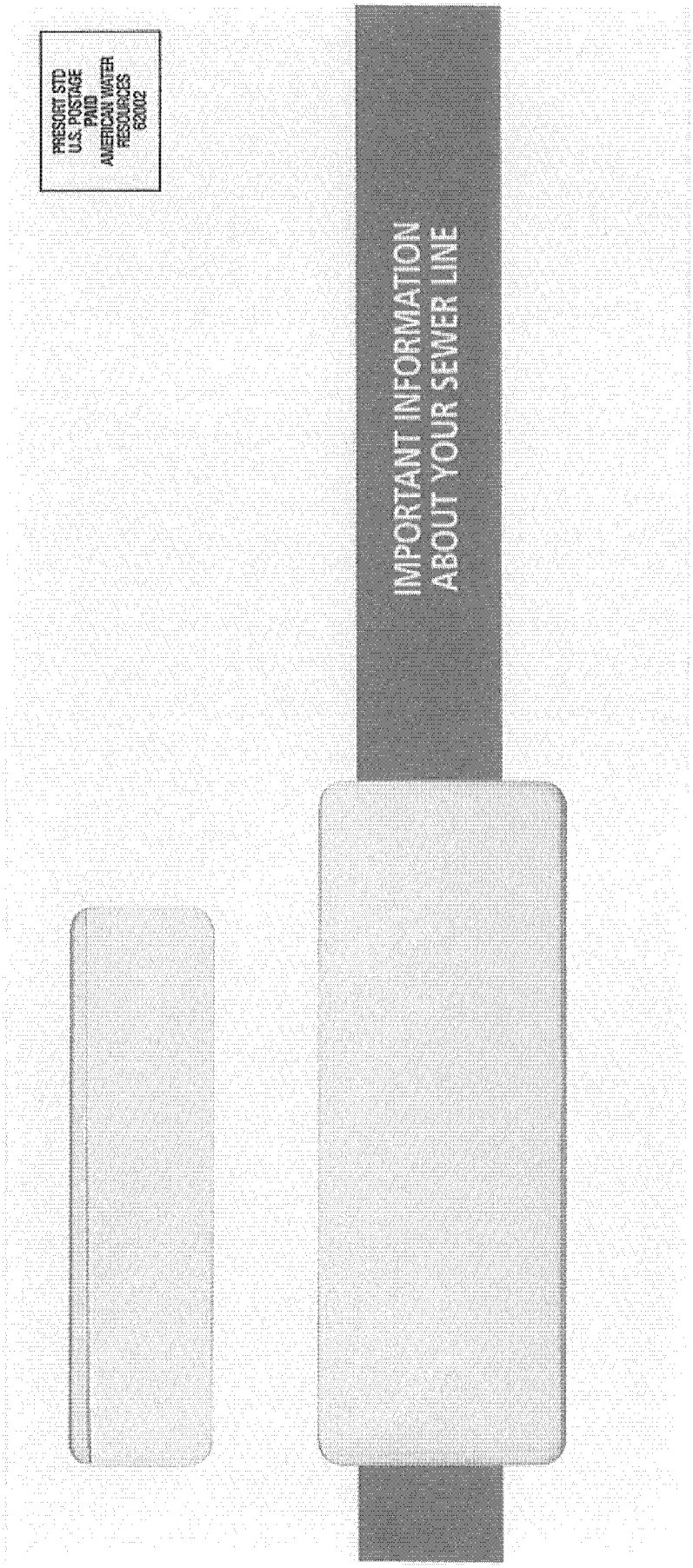
WATER PIPE BURST



SEWER PIPE CLOG

ENROLL NOW!
Add payments to your water bill or pay by check or credit card.
CALL TOLL-FREE 1-866-315-4471

99999999TNCOM144


PRESORT STD
U.S. POSTAGE
PAID
AMERICAN WATER
RESOURCES
62002
IMPORTANT INFORMATION
ABOUT YOUR SEWER LINE

TENNESSEE AMERICAN WATER
1101 Broad St., P.O. Box 6338 • Chattanooga, TN 37401

Good news — your water line is currently covered.

Sample A Sample
TN - SL Brochure Pkg 0210
123 Any Street
Anytown, US 01234-5678

However, your sewer line is not covered and is 3 times more likely to be damaged.

Dear Sample A Sample,

Not long ago you made a smart decision to sign up for the Water Line Protection Program from American Water Resources, an affiliate of Tennessee American Water.

As a valued customer, we want you to know **you are legally responsible for the sewer line extending from your home into the street.** Did you also realize that **most standard homeowner insurance policies do not cover repairs to your sewer line?**

Without any coverage, you would need to contact a contractor, hope repairs are made quickly and correctly, then pay for it out of your own pocket. Since you are already an American Water Resources customer, we want to give you an opportunity to protect yourself from these unexpected worries. Here's how the Sewer Line Protection Program benefits you:

- **You're protected from expensive sewer line repairs including blocked and backed up lines, clogged cleanouts, root invasion and common waste blockage**
- **In case of a problem, call toll-free and a qualified contractor will be quickly dispatched***
- **Easy claims process covers you for up to $8,000 in repairs including excavation, site restoration plus sidewalk and street repaving**
- **American Water Resources takes care of everything and stands behind all the work**

If you enroll now, this important coverage will cost you only $9 a month, a small price to pay for thousands of dollars in protection. For your convenience, the cost can be added to your monthly water bill.

For peace of mind, be sure to enroll in the Sewer Line Protection Program now by calling **1-877-320-4613** or complete and mail the form below using the enclosed postage-paid envelope.

You can't prevent underground sewer line damage, but you can protect yourself from these unexpected costs. Please act now and enroll today.

Sincerely,

John Watson, President

P.S. Please enroll before April 30, 2010 by calling **1-877-320-4613**.
Only $9 per month protects you from thousands of dollars in sewer line repairs.

* $50 service fee applies when a contractor is dispatched to your home.
Typical sewer line ownership extends from the sewer main to your home. Your responsibility may vary.
If you live in a dwelling such as a condo, duplex or townhouse, contact your local homeowners association to determine if you are responsible for your sewer line, as in some states you would not have ownership of the sewer line.
For complete Terms and Conditions of this program, please go to www.amwaterresources.com/termsandconditions.

INS9020D

000000053 ▼ FILL OUT, DETACH HERE AND MAIL IN THE POSTAGE-PAID ENVELOPE ▼ AWRLTRSB-wb2

AMERICAN WATER RESOURCES

PREFERRED CUSTOMER ACTIVATION OF COVERAGE

☑ **DON'T PAY NOW! Enroll me in the Sewer Line Protection Program now and add the coverage amount of $9 to my monthly Tennessee American Water bill in accordance with the Terms and Conditions of the Program.**

REFERENCE NO: 999999999

Sample A Sample
123 Any Street
Anytown US 01234-5678

CONTACT INFORMATION:
(_____)_____
Home phone (required)

_____
E-mail address

SERVICE ADDRESS:
123 Any Street
Anytown US 01234

By signing this enrollment form you agree to all of the sewer line program terms and conditions, subject to your receipt and review. A copy of the terms and conditions will be sent to your mailing address with your confirmation letter within approximately 3 weeks of our receipt of your enrollment. Coverage begins 30 days after enrollment form is processed by American Water Resources, Inc. (AWR), and you may cancel at any time. By providing AWR your e-mail address, you agree to receive e-mail from AWR including account updates and other information about AWR programs. To unsubscribe from being contacted by AWR via e-mail, contact us at 1-877-320-4613 or awr.insub@amwater.com.

Call 1-877-320-4613

X_____ _____/_____/_____
Signature (required) Date

ENROLL BEFORE APRIL 30, 2010

TNSLP1106 99999999

Protect yourself with the Sewer Line Protection Program

Avoid costly, unexpected sewer line repairs for only a few dollars a month

Preferred customers – enroll today

- Call 1-877-320-4613 or
- Complete and return the enclosed Activation of Coverage form

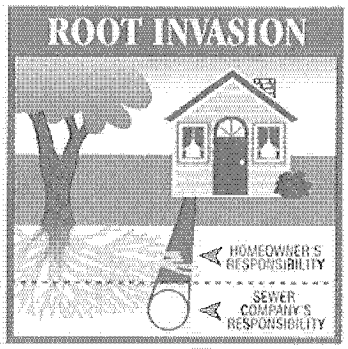
AMERICAN WATER RESOURCES
1410 Discovery Parkway
Alton, IL 62002

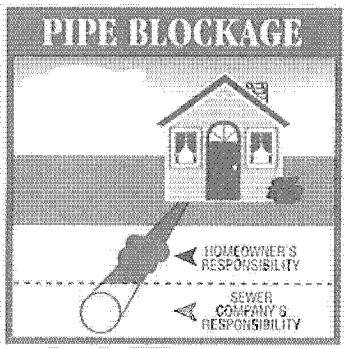
Act now – respond by April 30, 2010

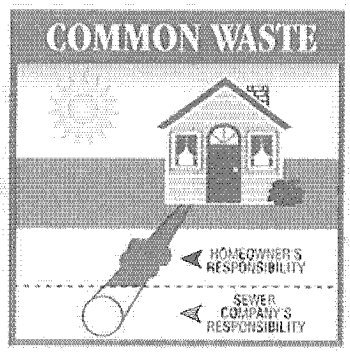
#4613-0210

Sewer Line Protection Program from American Water Resources

Protection from expensive sewer line repairs

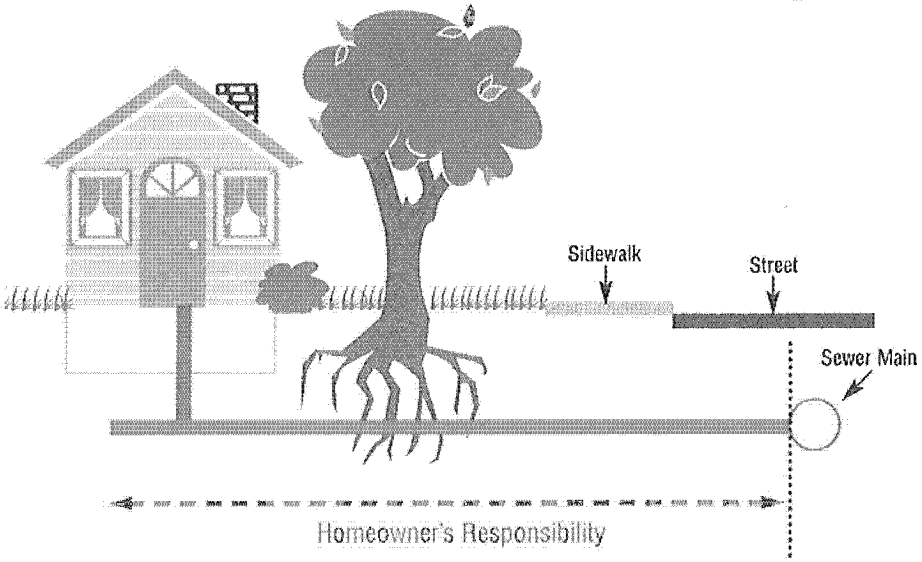






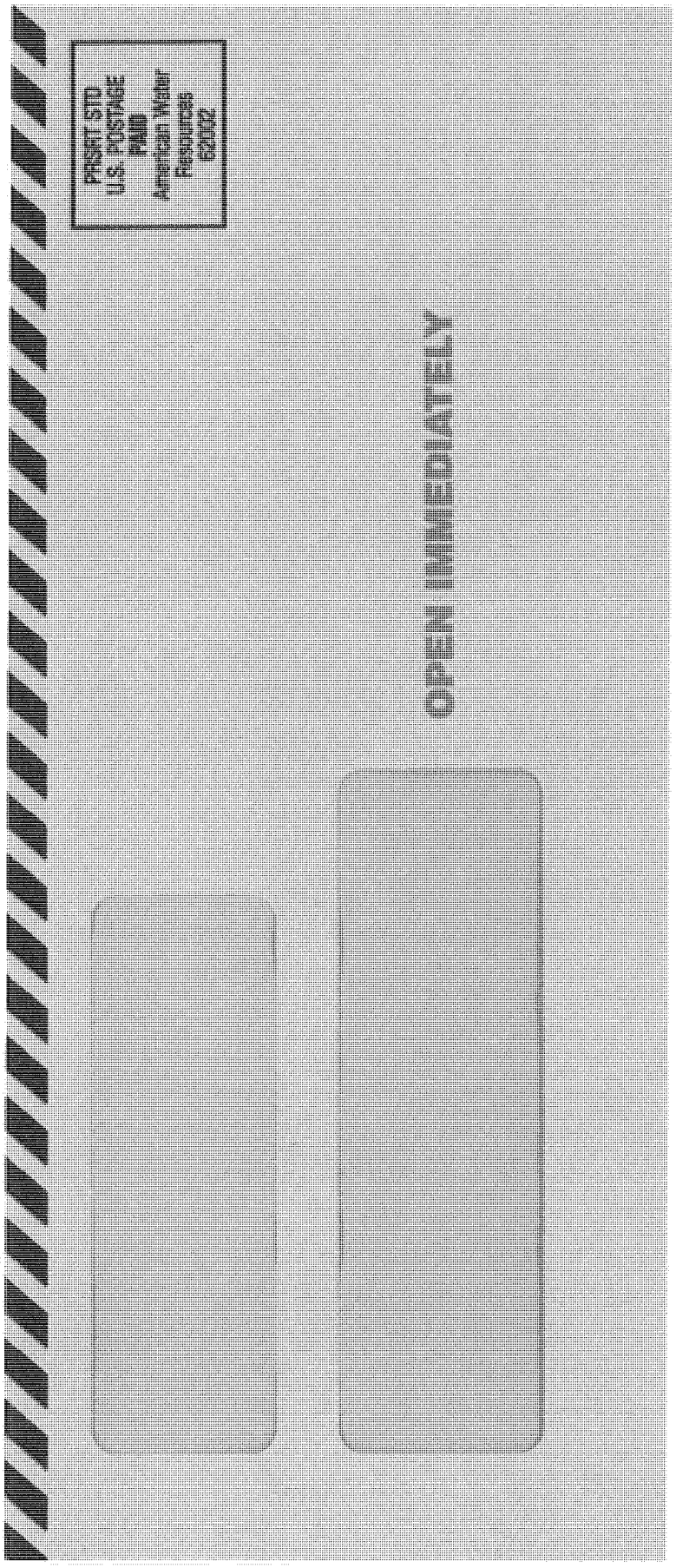
Enroll now for just $9 per month

Enjoy peace of mind with our Sewer Line Protection Program



- The sewer line on your property is your responsibility
- Coverage up to $8,000 for repairs
- Most homeowner insurance policies do not cover sewer line repairs
- No pre-inspection required
- 24-hour customer service line
- Unlimited service calls
- Easy claims process
- Licensed local plumber dispatched to your property
- All repair permit costs covered

Enroll now — call toll-free 1-877-320-4613


OPEN IMMEDIATELY

TENNESSEE
AMERICAN WATER
1101 Broad St., PO Box 6338
Chattanooga, TN 37401

You are responsible for the water line that runs through your property. Repairing leaks or breaks can be aggravating and expensive.

It pays to be protected by the Water Line Protection Program.

Sample A Sample
TN - E WLPP 0110
123 Any Street
Anytown, US 01234-5678

Respond by March 31, 2010

FOR IMMEDIATE SERVICE
Enroll Now! Call Toll-Free:
1-866-315-4472

Dear Sample A Sample,

Our records indicate that you have not yet taken advantage of the **Water Line Protection Program.** Keep in mind that normal wear and tear can cause sudden leaks or breaks in the water line that runs through your property, and as the owner, you're responsible. Your homeowner insurance policy probably won't provide coverage, so if the water line on your property were to leak or break, you would need to spend a lot of time and money to repair the damage.

You would have to locate a reliable and qualified contractor, pay the contractor thousands of dollars to repair the damage, and worry about whether the job would be done properly. For just $5 a month, you can enroll in the **Water Line Protection Program.** Take a moment to compare what the Program provides versus continuing without protection:

WATER LINE PROTECTION PROGRAM
CHECKLIST OF BENEFITS FOR SAMPLE A SAMPLE

	WHEN YOU'RE COVERED	WHEN YOU'RE NOT COVERED
Reliable, qualified contractor promptly dispatched to your property.	✓ YES	NO
Save up to $5,000 in costly repairs.	✓ YES	NO
Peace-of-mind that comes with this valuable protection.	✓ YES	NO

Tennessee American Water is pleased to introduce this special Water Line Protection Program, offered by our affiliate American Water Resources℠, to cover these unexpected costs. When you consider the time and money you'll save, along with the peace-of-mind protection from the largest water company in the country, I'm sure you'll agree that this Program is one of the best opportunities available to you as a homeowner.

Respond by March 31, 2010 and you'll pay just $5 a month for this valuable protection.

Simply call us toll-free at 1-866-315-4472, or complete and return the Immediate Action Form.

Sincerely,

John Watson
President

P.S. It's time to protect yourself from the expense and worry that a broken water line can cause.

If you live in a dwelling such as a condo, duplex or townhouse please contact your local homeowners association to determine if you are responsible for your water line, as in some states you would not have ownership of the water line.

For complete Terms & Conditions of this program, please go to www.amwaterresources.com/termsandconditions.

IMMEDIATE ACTION FORM

☑ YES! I want *protection* and *peace of mind.*

SERVICE TYPE:	**TOTAL PAYMENT:**
WATER LINE PROTECTION PROGRAM	**$5 a month**
HOMEOWNER NAME:	Sample A Sample
SERVICE ADDRESS:	123 Any Street Anytown US 01234 Reference Number: 999999999
MAILING ADDRESS:	123 Any Street Anytown US 01234-5678
CONTACT INFORMATION:	Home Phone (required): ( ) – E-mail:

PAYMENT OPTIONS:

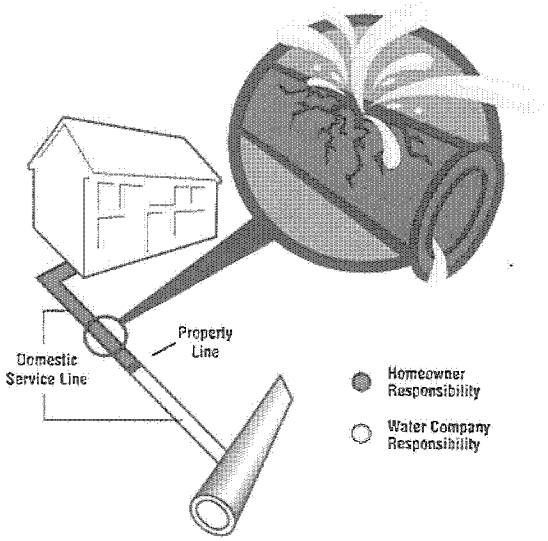
☑ **DON'T PAY NOW! — ADD DIRECTLY TO MY TENNESSEE AMERICAN WATER BILL**

I authorize the program amount of $5 ***to be added to my monthly Tennessee American Water bill*** in accordance with the Terms and Conditions of the Program.

X **Signature:** **Date:**

By signing this enrollment form you agree to all of the water line program terms and conditions, subject to your receipt and review. A copy of the terms and conditions will be sent to your mailing address with your confirmation letter within approximately 3 weeks of our receipt of your enrollment. Coverage begins 30 days after enrollment form is processed by American Water Resources, Inc., (AWR) and you can cancel at any time. For complete Terms & Conditions of this program, please go to www.amwaterresources.com/termsandconditions. Response requested by 3/31/10. After 3/31/10 call 1-866-315-4472 for current offer. By providing AWR your e-mail address, you agree to receive e-mail from AWR including account updates and other information about AWR programs. To unsubscribe from being contacted by AWR via e-mail, contact us at 1-866-315-4472 or awrunsub@amwater.com.

AMERICAN WATER RESOURCES
1410 Discovery Parkway
Alton, IL 62002



Normal wear and tear can cause sudden, costly water leaks that are your responsibility to repair. It pays to be protected by the WATER LINE PROTECTION PROGRAM.

ENROLL NOW!
Add payments to your water bill or pay by check or credit card.
CALL TOLL-FREE
1-866-315-4472

99999999TNWLP060

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OMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER A
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TENNESSEE
AMERICAN WATER
1101 Broad Street, P.O. Box 6338
Chattanooga, TN 37401

PROBLEM:

- A burst pipe floods the kitchen ... the plunger doesn't fix the overflowing toilet ... you can't shower because the drain is totally clogged ... sooner or later most homes experience a plumbing emergency
- It could take days for the repair to be completed
- Emergency repairs can be very expensive

SOLUTION:

The In-Home Plumbing Emergency Program offered by American Water Resources®

DELIVERED TO:
**********AUTO**MIXED AADC 430
Jeremy Kierman
1025 Laurel Oak Rd
Voorhees, NJ 08043-3506

Dear Jeremy Kierman:

You know it's going to happen at the worst possible moment. A toilet overflows. Your sink backs up. Or a water pipe bursts in your basement. That's no time to have to search for a plumber and worry about what the unexpected repair will cost you.

That's why Tennessee American Water is so pleased to introduce you to a great companion to your existing Service Line Protection Program. The NEW In-Home Plumbing Emergency Program is a welcome time-saving and money-saving solution — and as a Service Line Protection subscriber, you're eligible to add this protection at a special discounted rate. It's your one-call solution when an in-home plumbing emergency occurs.

Just make one toll-free call — and have the experts take it from there.

Instead of thumbing through the phone book for names, just call the Emergency Service Hotline 24 hours a day, 365 days a year — and relax. American Water Resources will promptly dispatch a qualified plumber to your home, and pay the bill up to $3,000*! When you consider what you could otherwise pay for an emergency repair of a clogged bathtub drain ... burst frozen water pipe ... blocked toilet and more ... you'll agree this is protection you won't want to be without.

What's more, there's no limit on the number of times you can take advantage of the In-Home Plumbing Emergency Program. A plumbing crisis can happen unexpectedly in any home, and if you value having peace of mind you'll be delighted with this smart and affordable protection.

For just pennies a day, you'll be prepared for the next plumbing emergency.

Because you already subscribe to the Service Line Protection Program, you can save up to 50% on the standard new customer price when you add the In-Home Plumbing Emergency Program. New customers pay up to $7.99 a month, but you'll pay a remarkably affordable price of just $3.99 a month added directly to your water bill ... plus a modest service call fee of $50 no matter if it's nighttime, the weekend, or even a holiday. Imagine what just one after-hours service visit from a plumber could cost!

Please carefully read the enclosed Program terms and conditions; **American Water Resources is committed to customer satisfaction and wants you to understand this program is for plumbing emergencies only and does not cover broken fixtures, faucets, and appliances.** Keep this information for future reference. Then simply return your Priority Enrollment Form in the enclosed envelope, and you'll be on your way to enjoying ready relief from this common homeowner hassle. Do it today, while it's on your mind.

Sincerely,

John Watson
President

P.S. Be prepared for your next plumbing emergency. Enroll in this affordable Program today!

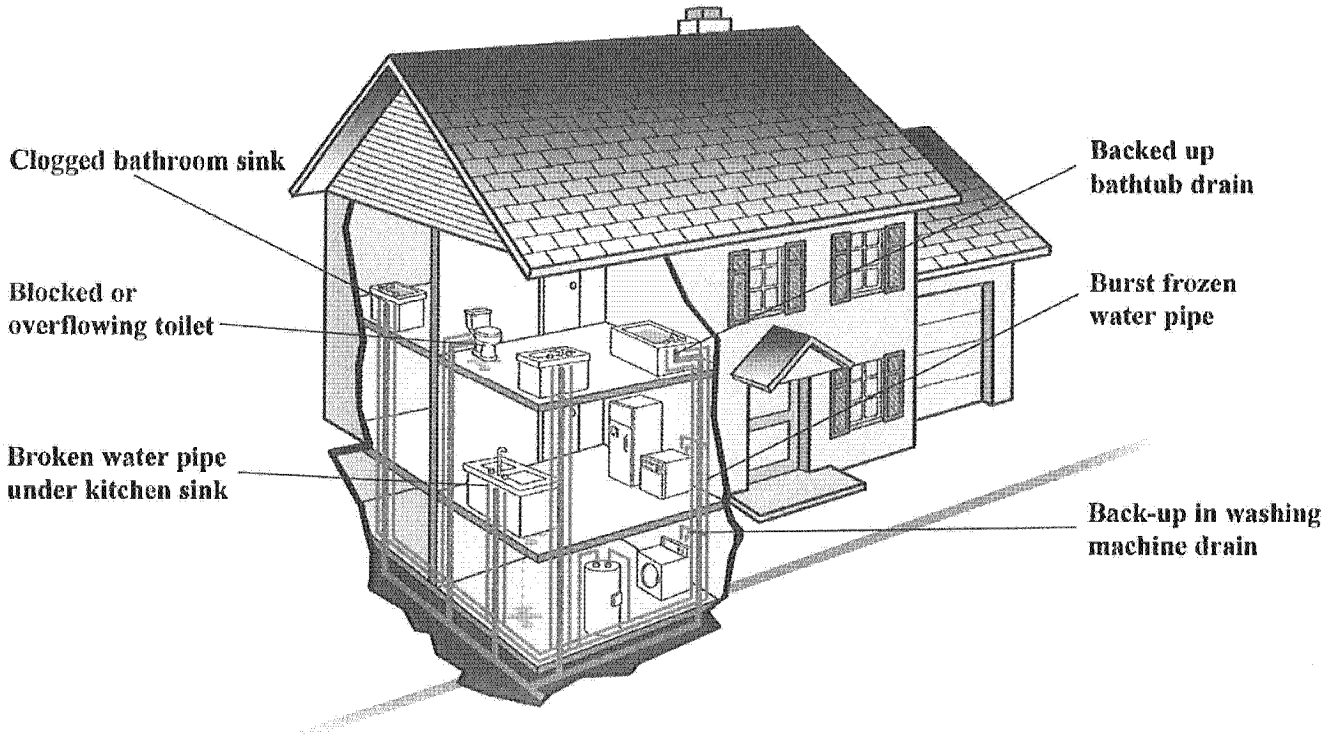
$1,500 for water supply system repairs and $1,500 for wastewater drainage system repairs per occurrence.

FOR MORE INFORMATION, CALL 1-866-430-0819

000002586 TNP4099Y

HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOW
HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT • HOMEOWNER ALERT

For just $3.99 a month, you can protect yourself from the cost and inconvenience of emergency plumbing repairs!



For more information, call 1-866-430-0819
To enroll in the In-Home Plumbing Emergency Program, mail the coupon below

▼ DETACH HERE ▼

Priority Enrollment Form for Jeremy Kierman

Please respond by 11/30/09 for the $3.99 special price

AMERICAN WATER RESOURCES

☑ **YES!** I want to protect myself from the expense and inconvenience of emergency plumbing repairs.

DON'T PAY NOW! — ADD DIRECTLY TO MY TENNESSEE AMERICAN WATER BILL

Please enroll me in the In-Home Plumbing Emergency Program at the special $3.99 a month rate. I authorize the amount of $3.99 *to be added to my Tennessee American Water bill* in accordance with the Terms & Conditions of the Program.

By signing this enrollment form, you agree to all terms and conditions of the In-Home Plumbing Emergency Program as outlined on the back of the letter. Confirmation of enrollment will be sent to your mailing address. Coverage begins 30 days after your enrollment form is processed by American Water Resources (AWR), and you can cancel at any time. Response requested by 11/30/09. After 11/30/09 call 1-866-430-0819. By providing AWR your e-mail address, you agree to receive e-mail from AWR including account updates and other information about AWR programs. To unsubscribe from being contacted by AWR via e-mail, contact us at 1-866-430-0819 or awrunsub@amwater.com.

99999999TNIHP048

Jeremy Kierman — 99999999
Homeowner Name — Reference Number

202 Oliver St
Service Address

Chattanooga — TN — 37405
City — State — Zip

Home Phone *(required)*

E-mail Address

X
Signature *(required)* — Date

AWRIHP-YB

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

40. Please ***Explain*** how all costs associated with any inspections, repairs, or other work undertaken in connection with the "Service Line Protection Program" offered by ***TAWC*** to its customers are recorded on the books and records of ***TAWC***. Please provide all worksheets, income and expense statements, invoices, and other ***Documents*** that address how these costs are treated for accounting and ratemaking purposes.

Response:

The Company objects to this question on the grounds that the request is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, TAWC does not offer a Service Line Protection Program. See the response to TN-CAPD-01-Q77 and Q78. The program is offered by AWR and the costs of AWR for inspections, repairs and other work related to the Service Line Protection Program are recorded on the books of AWR. See also the Schumaker Report (Exhibit MAM-8 attached to the direct testimony of Mr. Miller at page 42 of 143).

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

41. Please ***Explain*** how all revenues associated with the "Service Line Protection Program" offered by ***TAWC*** to its customers are recorded on the books and records of ***TAWC***. Please provide all worksheets, income and expense statements, invoices, and other ***Documents*** that address how these costs are treated for accounting and ratemaking purposes.

Response:

The Company objects to this question on the grounds that the request is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, TAWC does not offer a Service Line Protection Program. See the response to TN-CAPD-01-Q77 and Q78. The program is offered by AWR and the costs of AWR for inspections, repairs and other work related to the Service Line Protection Program are recorded on the books of AWR. See also the Schumaker Report (Exhibit MAM-8 attached to the direct testimony of Mr. Miller at page 42 of 143).

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

42. Please ***Explain*** how all capital expenses and debt associated with the "Service Line Protection Program" offered by ***TAWC*** to its customers are recorded on the books and records of ***TAWC***. Please provide all worksheets, income and expense statements, invoices, and other ***Documents*** that address how these costs are treated for accounting and ratemaking purposes.

Response:

The Company objects to this question on the grounds that the request is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, TAWC does not offer a Service Line Protection Program. See the response to TN-CAPD-01-Q77 and Q78. The program is offered by AWR and the costs of AWR for inspections, repairs and other work related to the Service Line Protection Program are recorded on the books of AWR. See also the Schumaker Report (Exhibit MAM-8 attached to the direct testimony of Mr. Miller at page 42 of 143).

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

43. Please ***Identify*** all monthly amounts paid by ***TA WC*** since January 1, 2007, to ***AWWC*** or any ***AWWC*** subsidiary or affiliate, and provide the information as to each such amount in the following format:

Payment Date	Amount of Payment	Purpose of Payment	If Payment for Services, Amount of Time Reflected in Charge	Hourly Rate Change	If for Equipment of Materials, Description of Each Piece of Equipment or Material	Unit Charge for Each Piece of Equipment or Material	Agreement Under Which Provided (89 Service Agreement or Other)

Response:

The Company objects to this question on the grounds that it is unduly burdensome, requests information neither readily available nor in the format requested, and in part is not relevant to the current proceeding.

COC's request involves a voluminous amount of data, which was already provided to the COC in the previous case. Please see the response to TN-COC-01-10 in Docket No. 08-00039.

Also, see the response to TRA-01-Q014, which provides additional information about payments to AWWSC, AWCC and AWR (formerly known as American Anglian Technologies). In addition, see the response to TN-COC-01-Q61 that also provides data responsive to this request.

Please see the attached file identified as TN-COC-01-Q43-ATTACHMENT which presents total Service Company hours and charges for TAWC for the years 2005 through September 2010 and the associated full-time equivalent positions allocated to TAWC by function. TN-COC-01-Q43 Attachment includes a summary schedule that shows the yearly totals and FTE's by function. The other schedules provide a breakdown of the charges by month for the years 2005 through 2010.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
TN- COC-01-Q43

Tennessee American Service Company Costs & Full Time Equivalent Employees
2005 - 9 Months Ending September 2010

Year	Function	Hours	Payroll	Expenses	Total	FTE's
2010	Accounting	5,389	167,386	106,111	273,497	3.45
2010	Administration	614	34,102	354,332	388,434	0.39
2010	Audit	320	18,504	16,276	34,780	0.21
2010	Communications	1,045	49,185	86,301	135,487	0.67
2010	Legal	638	38,911	63,521	102,432	0.41
2010	Engineering	-	578	8,635	9,212	-
2010	Finance	5,185	245,302	647,334	892,635	3.32
2010	Human Resources	1,594	70,637	114,037	184,675	1.02
2010	Information Systems	5,003	220,570	605,223	825,792	3.21
2010	Operations	7,290	245,412	227,054	472,466	4.67
2010	Rates & Revenue	999	47,086	27,383	74,468	0.64
2010	Risk Management	441	17,074	19,098	36,172	0.28
2010	Water Quality	1,594	48,879	72,397	121,276	1.02
2010	Customer Service	19,018	322,371	456,159	778,530	12.19
2010	**Total**	**49,129**	**1,525,997**	**2,803,860**	**4,329,857**	**31.49**

Year	Function	Hours	Payroll	Expenses	Total	FTE's
2009	Accounting	7,307	215,296	124,186	339,482	3.51
2009	Administration	849	43,619	468,402	512,022	0.41
2009	Audit	370	18,551	19,613	38,164	0.18
2009	Communications	1,976	89,577	105,392	194,969	0.95
2009	Legal	903	48,075	83,538	131,613	0.43
2009	Engineering	0	33	8,666	8,699	0.00
2009	Finance	8,984	388,328	448,290	836,618	4.32
2009	Human Resources	1,915	87,027	142,102	229,129	0.92
2009	Information Systems	6,468	262,056	663,109	925,165	3.11
2009	Operations	6,327	239,054	240,462	479,517	3.04
2009	Rates & Revenue	487	20,717	24,940	45,656	0.23
2009	Risk Management	630	21,720	19,653	41,373	0.30
2009	Water Quality	2,260	63,684	108,224	171,908	1.09
2009	Customer Service	30,547	521,422	725,358	1,246,780	14.69
2009	**Total**	**69,023**	**2,019,158**	**3,181,937**	**5,201,095**	**33.18**

Year	Function	Hours	Payroll	Expenses	Total	FTE's
2008	Accounting	6,528	184,113	121,142	305,255	3.14
2008	Administration	789	40,597	797,409	838,006	0.38
2008	Audit	330	17,059	12,582	29,641	0.16
2008	Communications	1,418	67,097	62,545	129,643	0.68
2008	Legal	934	50,121	57,063	107,184	0.45

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
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Tennessee American Service Company Costs & Full Time Equivalent Employees
2005 - 9 Months Ending September 2010

2008	Engineering	18	590	4,433	5,023	0.01
2008	Finance	8,958	385,505	510,610	896,115	4.31
2008	Human Resources	2,163	91,608	125,343	216,951	1.04
2008	Information Systems	6,144	242,874	572,046	814,920	2.95
2008	Operations	4,404	214,936	200,080	415,016	2.12
2008	Rates & Revenue	1,584	69,856	39,910	109,766	0.76
2008	Risk Management	1,016	44,380	52,041	96,421	0.49
2008	Water Quality	2,241	62,994	104,622	167,616	1.08
2008	Customer Service	35,543	593,916	647,373	1,241,288	17.09
2008	**Total**	**72,067**	**2,065,647**	**3,307,200**	**5,372,847**	**34.65**

Year	Function	Hours	Payroll	Expenses	Total	FTE's
2007	Accounting	6,942	178,947	100,377	279,324	3.34
2007	Administration	1,262	74,397	605,467	679,864	0.61
2007	Audit	294	13,558	16,123	29,681	0.14
2007	Communications	880	41,679	45,436	87,115	0.42
2007	Legal	815	40,617	61,672	102,288	0.39
2007	Engineering	808	30,830	35,869	66,699	0.39
2007	Finance	5,722	257,317	842,586	1,099,902	2.75
2007	Human Resources	2,108	73,096	106,869	179,965	1.01
2007	Information Systems	6,475	228,849	378,374	607,223	3.11
2007	Operations	5,528	229,839	164,751	394,590	2.66
2007	Rates & Revenue	1,176	47,820	48,878	96,698	0.57
2007	Risk Management	1,296	50,711	41,502	92,212	0.62
2007	Water Quality	2,789	78,031	93,409	171,440	1.34
2007	Customer Service	35,249	542,663	559,283	1,101,947	16.95
2007	**Total**	**71,345**	**1,888,352**	**3,100,596**	**4,988,949**	**34.30**

Year	Function	Hours	Payroll	Expenses	Total	FTE's
2006	Accounting	6,265	156,719	140,496	297,215	3.01
2006	Administration	1,405	66,098	1,435,366	1,501,464	0.68
2006	Audit	370	15,639	8,891	24,530	0.18
2006	Communications	530	32,609	54,898	87,507	0.25
2006	Legal	1,076	68,895	70,404	139,300	0.52
2006	Engineering	1,026	35,054	49,307	84,361	0.49
2006	Finance	6,021	246,213	427,715	673,928	2.89
2006	Human Resources	2,353	89,431	97,549	186,979	1.13
2006	Information Systems	5,067	171,987	363,352	535,339	2.44
2006	Operations	5,545	212,218	168,477	380,694	2.67
2006	Rates & Revenue	797	31,927	61,756	93,683	0.38

TENNESSEE AMERICAN WATER COMPANY
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CITY OF CHATTANOOGA
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2005 - 9 Months Ending September 2010

2006	Risk Management	1,274	44,977	34,874	79,851	0.61
2006	Water Quality	3,056	86,150	104,786	190,936	1.47
2006	Customer Service	32,007	477,932	490,956	968,887	15.39
2006	**Total**	**66,792**	**1,735,850**	**3,508,825**	**5,244,675**	**32.11**

Year	Function	Hours	Payroll	Expenses	Total	FTE's
2005	Accounting	5,669	146,651	112,099	258,750	2.73
2005	Administration	3,811	203,822	894,409	1,098,231	1.83
2005	Audit	332	13,625	10,517	24,142	0.16
2005	Communications	551	30,530	58,851	89,381	0.27
2005	Legal	1,322	84,659	69,336	153,995	0.64
2005	Engineering	709	32,904	67,780	100,684	0.34
2005	Finance	3,307	139,419	124,697	264,116	1.59
2005	Human Resources	1,172	59,516	312,675	372,191	0.56
2005	Information Systems	4,800	158,093	370,901	528,994	2.31
2005	Operations	4,766	185,752	165,527	351,279	2.29
2005	Rates & Revenue	544	21,391	48,116	69,507	0.26
2005	Risk Management	534	24,904	27,780	52,684	0.26
2005	Water Quality	3,583	105,636	102,464	208,100	1.72
2005	Customer Service	26,851	404,923	445,723	850,647	12.91
2005	**Total**	**57,952**	**1,611,826**	**2,810,876**	**4,422,702**	**27.86**

Tennessee American Service Company Costs & Full Time Equivalent Employees
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		Hours	Payroll	Expenses	Total
2010 Jan	Accounting	647.70	20,185.60	12,128.26	32,313.86
2010 Jan	Administration	67.04	3,643.93	43,724.39	47,368.32
2010 Jan	Audit	26.24	1,098.10	2,065.83	3,163.93
2010 Jan	Communications	126.07	5,427.66	8,410.66	13,838.32
2010 Jan	Legal	66.02	3,692.79	6,285.38	9,978.17
2010 Jan	Engineering		30.14	1,154.40	1,184.54
2010 Jan	Finance	585.51	25,549.53	27,676.05	53,225.58
2010 Jan	Human Resources	169.79	7,613.81	12,187.78	19,801.59
2010 Jan	Information Systems	531.30	23,785.72	64,237.56	88,023.28
2010 Jan	Operations	804.51	27,084.56	28,494.28	55,578.84
2010 Jan	Rates & Revenue	90.04	3,779.45	2,431.06	6,210.51
2010 Jan	Risk Management	45.73	1,740.30	2,109.86	3,850.16
2010 Jan	Water Quality	172.63	5,515.18	8,993.93	14,509.11
2010 Jan	Customer Service	2,164.50	37,287.95	49,315.92	86,603.87
		5,497.08	**166,434.72**	**269,215.36**	**435,650.08**

		Hours	Payroll	Expenses	Total
2010 Feb	Accounting	561.82	17,685.69	10,736.50	28,422.19
2010 Feb	Administration	66.53	4,290.45	40,679.82	44,970.27
2010 Feb	Audit	26.24	1,788.71	1,065.56	2,854.27
2010 Feb	Communications	112.39	5,054.63	7,502.02	12,556.65
2010 Feb	Legal	61.23	3,065.26	7,195.89	10,261.15
2010 Feb	Engineering		243.62	742.59	986.21
2010 Feb	Finance	509.69	22,947.89	22,398.03	45,345.92
2010 Feb	Human Resources	160.17	6,587.25	11,347.48	17,934.73
2010 Feb	Information Systems	523.75	23,216.55	58,546.37	81,762.92
2010 Feb	Operations	736.76	23,633.15	23,780.31	47,413.46
2010 Feb	Rates & Revenue	56.90	3,505.87	2,700.04	6,205.91
2010 Feb	Risk Management	38.09	1,474.38	1,803.26	3,277.64
2010 Feb	Water Quality	162.84	4,867.76	8,832.87	13,700.63
2010 Feb	Customer Service	2,100.55	34,656.70	46,574.14	81,230.84
		5,116.96	**153,017.91**	**243,904.88**	**396,922.79**

		Hours	Payroll	Expenses	Total
2010 Mar	Accounting	577.05	19,910.84	10,120.79	30,031.63
2010 Mar	Administration	62.96	4,226.59	30,226.01	34,452.60
2010 Mar	Audit	26.24	1,639.31	1,313.56	2,952.87
2010 Mar	Communications	105.52	5,143.02	6,816.94	11,959.96
2010 Mar	Legal	77.42	4,609.02	5,428.16	10,037.18
2010 Mar	Engineering		227.85	1,102.30	1,330.15
2010 Mar	Finance	355.32	21,813.45	26,481.01	48,294.46
2010 Mar	Human Resources	159.35	7,928.52	13,264.89	21,193.41
2010 Mar	Information Systems	534.55	26,234.83	72,987.34	99,222.17
2010 Mar	Operations	757.21	28,655.97	23,838.97	52,494.94
2010 Mar	Rates & Revenue	62.04	3,173.66	2,361.26	5,534.92
2010 Mar	Risk Management	50.98	2,121.63	2,840.83	4,962.46
2010 Mar	Water Quality	163.04	5,753.50	7,793.03	13,546.53
2010 Mar	Customer Service	1,982.21	38,307.99	43,246.16	81,554.15
		4,913.89	**169,746.18**	**247,821.25**	**417,567.43**

Tennessee American Service Company Costs & Full Time Equivalent Employees
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		Hours	Payroll	Expenses	Total
2010 Apr	Accounting	575.52	19,253.43	12,457.39	31,710.82
2010 Apr	Administration	65.12	4,611.54	41,370.09	45,981.63
2010 Apr	Audit	26.24	1,564.60	1,329.76	2,894.36
2010 Apr	Communications	98.96	6,092.43	8,652.29	14,744.72
2010 Apr	Legal	73.59	4,365.32	6,669.37	11,034.69
2010 Apr	Engineering		151.91	847.92	999.83
2010 Apr	Finance	488.88	25,267.00	30,800.25	56,067.25
2010 Apr	Human Resources	156.74	8,302.24	11,164.56	19,466.80
2010 Apr	Information Systems	521.57	24,327.63	58,109.22	82,436.85
2010 Apr	Operations	785.52	27,928.11	22,919.63	50,847.74
2010 Apr	Rates & Revenue	216.49	8,815.94	3,674.76	12,490.70
2010 Apr	Risk Management	41.97	1,796.73	2,050.29	3,847.02
2010 Apr	Water Quality	165.67	5,550.30	9,335.16	14,885.46
2010 Apr	Customer Service	1,947.80	35,774.16	44,524.85	80,299.01
		5,164.07	**173,801.34**	**253,905.54**	**427,706.88**

		Hours	Payroll	Expenses	Total
2010 May	Accounting	578.65	19,186.25	10,187.95	29,374.20
2010 May	Administration	68.95	3,603.65	37,923.64	41,527.29
2010 May	Audit	27.51	1,877.12	713.57	2,590.69
2010 May	Communications	106.41	5,193.21	8,164.12	13,357.33
2010 May	Legal	65.15	3,754.57	5,003.19	8,757.76
2010 May	Engineering		75.95	988.66	1,064.61
2010 May	Finance	458.69	21,594.42	350,948.83	372,543.25
2010 May	Human Resources	158.85	6,932.10	15,612.13	22,544.23
2010 May	Information Systems	575.77	25,876.35	66,190.81	92,067.16
2010 May	Operations	702.13	24,405.37	23,513.30	47,918.67
2010 May	Rates & Revenue	127.20	5,932.92	3,209.87	9,142.79
2010 May	Risk Management	60.48	2,423.41	2,956.89	5,380.30
2010 May	Water Quality	165.86	5,297.46	5,412.55	10,710.01
2010 May	Customer Service	1,929.46	34,037.90	45,206.29	79,244.19
		5,025.11	**160,190.68**	**576,031.80**	**736,222.48**

		Hours	Payroll	Expenses	Total
2010 Jun	Accounting	807.23	16,678.31	12,286.48	28,964.79
2010 Jun	Administration	96.03	1,707.57	31,931.03	33,638.60
2010 Jun	Audit	82.24	3,876.81	1,765.61	5,642.42
2010 Jun	Communications	150.72	4,028.06	9,366.71	13,394.77
2010 Jun	Legal	97.54	4,572.08	7,873.20	12,445.28
2010 Jun	Engineering		(607.62)	1,054.44	446.82
2010 Jun	Finance	923.87	31,459.06	44,267.74	75,726.80
2010 Jun	Human Resources	238.71	6,957.14	12,501.85	19,458.99
2010 Jun	Information Systems	772.22	22,310.75	65,921.16	88,231.91
2010 Jun	Operations	1,151.86	28,940.97	25,706.39	54,647.36
2010 Jun	Rates & Revenue	106.01	4,110.05	2,895.82	7,005.87
2010 Jun	Risk Management	80.44	2,365.19	1,652.74	4,017.93
2010 Jun	Water Quality	258.13	5,148.89	7,712.70	12,861.59
2010 Jun	Customer Service	2,973.16	34,246.84	45,079.38	79,326.22
		7,738.16	**165,794.10**	**270,015.25**	**435,809.35**

Tennessee American Service Company Costs & Full Time Equivalent Employees
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		Hours	Payroll	Expenses	Total
2010 Jul	Accounting	578.96	19,548.43	13,125.06	32,673.49
2010 Jul	Administration	60.98	3,912.50	38,705.90	42,618.40
2010 Jul	Audit	48.37	3,119.32	1,432.49	4,551.81
2010 Jul	Communications	110.31	5,754.47	10,393.92	16,148.39
2010 Jul	Legal	60.39	4,773.02	6,807.42	11,580.44
2010 Jul	Engineering		151.91	1,008.65	1,160.56
2010 Jul	Finance	577.18	29,734.75	38,408.15	68,142.90
2010 Jul	Human Resources	159.51	7,597.59	13,069.56	20,667.15
2010 Jul	Information Systems	520.10	24,920.08	67,945.31	92,865.39
2010 Jul	Operations	775.10	27,435.54	24,157.70	51,593.24
2010 Jul	Rates & Revenue	126.32	6,691.41	3,674.17	10,365.58
2010 Jul	Risk Management	73.42	2,768.77	1,816.20	4,584.97
2010 Jul	Water Quality	171.92	5,640.15	9,808.16	15,448.31
2010 Jul	Customer Service	1,990.43	35,998.86	46,071.71	82,070.57
		5,252.99	**178,046.80**	**276,424.40**	**454,471.20**

		Hours	Payroll	Expenses	Total
2010 Aug	Accounting	545.39	17,850.91	12,070.70	29,921.61
2010 Aug	Administration	57.82	3,775.70	40,941.49	44,717.19
2010 Aug	Audit	32.28	2,047.73	4,789.97	6,837.70
2010 Aug	Communications	116.46	6,035.56	10,525.74	16,561.30
2010 Aug	Legal	71.62	4,970.63	7,776.21	12,746.84
2010 Aug	Engineering		151.90	1,149.14	1,301.04
2010 Aug	Finance	575.97	28,948.53	40,842.11	69,790.64
2010 Aug	Human Resources	212.14	10,019.69	12,562.36	22,582.05
2010 Aug	Information Systems	514.02	24,734.41	71,775.05	96,509.46
2010 Aug	Operations	805.77	29,635.73	28,149.28	57,785.01
2010 Aug	Rates & Revenue	125.46	6,378.80	3,110.02	9,488.82
2010 Aug	Risk Management	58.47	2,312.87	2,081.91	4,394.78
2010 Aug	Water Quality	168.09	5,557.64	7,675.40	13,233.04
2010 Aug	Customer Service	1,977.51	35,822.81	48,045.59	83,868.40
		5,261.00	**178,242.91**	**291,494.97**	**469,737.88**

		Hours	Payroll	Expenses	Total
2010 Sep	Accounting	516.28	17,086.99	12,997.41	30,084.40
2010 Sep	Administration	68.95	4,330.24	48,829.90	53,160.14
2010 Sep	Audit	24.63	1,492.05	1,800.05	3,292.10
2010 Sep	Communications	117.98	6,456.31	16,469.04	22,925.35
2010 Sep	Legal	64.96	5,108.25	10,482.19	15,590.44
2010 Sep	Engineering		151.91	586.62	738.53
2010 Sep	Finance	709.55	37,987.04	65,511.56	103,498.60
2010 Sep	Human Resources	178.55	8,699.09	12,326.69	21,025.78
2010 Sep	Information Systems	509.49	25,163.24	79,509.84	104,673.08
2010 Sep	Operations	771.11	27,693.05	26,493.66	54,186.71
2010 Sep	Rates & Revenue	88.77	4,697.47	3,325.50	8,022.97
2010 Sep	Risk Management	(8.34)	70.93	1,785.64	1,856.57
2010 Sep	Water Quality	165.70	5,547.86	6,833.37	12,381.23
2010 Sep	Customer Service	1,951.94	36,237.71	88,094.88	124,332.59
		5,159.57	**12,997.41**	**375,046.35**	**555,768.49**

Tennessee American Service Company Costs & Full Time Equivalent Employees
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		Hours	Payroll	Expenses	Total	FTE's
2010 Total	Accounting	5,388.60	167,386.45	106,110.54	273,496.99	3.45
2010 Total	Administration	614.38	34,102.17	354,332.27	388,434.44	0.39
2010 Total	Audit	319.99	18,503.75	16,276.40	34,780.15	0.21
2010 Total	Communications	1,044.82	49,185.35	86,301.44	135,486.79	0.67
2010 Total	Legal	637.92	38,910.94	63,521.01	102,431.95	0.41
2010 Total	Engineering	-	577.57	8,634.72	9,212.29	-
2010 Total	Finance	5,184.66	245,301.67	647,333.73	892,635.40	3.32
2010 Total	Human Resources	1,593.81	70,637.43	114,037.30	184,674.73	1.02
2010 Total	Information Systems	5,002.77	220,569.56	605,222.66	825,792.22	3.21
2010 Total	Operations	7,289.97	245,412.45	227,053.52	472,465.97	4.67
2010 Total	Rates & Revenue	999.23	47,085.57	27,382.50	74,468.07	0.64
2010 Total	Risk Management	441.24	17,074.21	19,097.62	36,171.83	0.28
2010 Total	Water Quality	1,593.88	48,878.74	72,397.17	121,275.91	1.02
2010 Total	Customer Service	19,017.56	322,370.92	456,158.92	778,529.84	12.19
		49,128.83	**1,525,996.78**	**2,803,859.80**	**4,329,856.58**	**31.49**

Tennessee American Service Company Costs & Full Time Equivalent Employees
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		Hours	Payroll	Expenses	Total
2009 Jan	Accounting	515.23	16,371.91	9,823.78	26,195.69
2009 Jan	Administration	57.67	3,487.91	54,676.48	58,164.39
2009 Jan	Audit	28.26	1,606.07	895.33	2,501.40
2009 Jan	Communications	152.08	7,249.16	7,966.45	15,215.61
2009 Jan	Legal	68.34	4,431.51	5,462.84	9,894.35
2009 Jan	Engineering	0.56	71.10	463.46	534.56
2009 Jan	Finance	621.19	28,433.66	40,266.43	68,700.09
2009 Jan	Human Resources	134.40	5,867.92	11,150.55	17,018.47
2009 Jan	Information Systems	532.06	22,567.34	55,086.61	77,653.95
2009 Jan	Operations	327.74	15,321.05	17,744.38	33,065.43
2009 Jan	Rates & Revenue	21.56	1,106.64	1,289.08	2,395.72
2009 Jan	Risk Management	32.22	1,316.95	2,087.49	3,404.44
2009 Jan	Water Quality	176.84	5,274.71	10,631.34	15,906.05
2009 Jan	Customer Service	2,777.84	50,454.02	65,482.14	115,936.16
		5,445.99	**163,559.95**	**283,026.36**	**446,586.31**

		Hours	Payroll	Expenses	Total
2009 Feb	Accounting	515.67	14,700.40	8,252.51	22,952.91
2009 Feb	Administration	61.09	3,320.59	25,800.52	29,121.11
2009 Feb	Audit	22.47	801.23	588.98	1,390.21
2009 Feb	Communications	154.30	6,851.46	7,524.52	14,375.98
2009 Feb	Legal	74.29	3,715.68	7,064.44	10,780.12
2009 Feb	Engineering		15.35	481.24	496.59
2009 Feb	Finance	615.23	26,071.20	30,865.68	56,936.88
2009 Feb	Human Resources	126.89	4,706.68	9,290.42	13,997.10
2009 Feb	Information Systems	517.54	20,082.30	23,654.06	43,736.36
2009 Feb	Operations	239.83	10,804.14	20,493.28	31,297.42
2009 Feb	Rates & Revenue	25.03	1,097.92	1,609.43	2,707.35
2009 Feb	Risk Management	32.17	1,323.26	1,614.59	2,937.85
2009 Feb	Water Quality	172.39	4,690.06	11,672.40	16,362.46
2009 Feb	Customer Service	2,841.85	46,810.07	60,280.29	107,090.36
		5,398.75	**144,990.34**	**209,192.36**	**354,182.70**

		Hours	Payroll	Expenses	Total
2009 Mar	Accounting	532.03	16,796.39	10,650.27	27,446.66
2009 Mar	Administration	59.57	3,475.76	(9,863.79)	(6,388.03)
2009 Mar	Audit	25.67	1,259.74	1,342.64	2,602.38
2009 Mar	Communications	146.30	7,024.63	9,173.51	16,198.14
2009 Mar	Legal	66.49	4,337.95	8,220.95	12,558.90
2009 Mar	Engineering	0.14	60.22	646.47	706.69
2009 Mar	Finance	680.38	31,075.32	31,197.22	62,272.54
2009 Mar	Human Resources	126.16	5,485.31	12,186.17	17,671.48
2009 Mar	Information Systems	543.12	22,913.33	29,847.87	52,761.20
2009 Mar	Operations	255.57	12,872.22	16,799.61	29,671.83
2009 Mar	Rates & Revenue	46.31	1,842.07	3,209.37	5,051.44
2009 Mar	Risk Management	(4.23)	(148.11)	980.97	832.86
2009 Mar	Water Quality	179.39	5,359.60	6,122.36	11,481.96
2009 Mar	Customer Service	2,535.66	46,934.99	49,018.83	95,953.82
		5,192.56	**159,289.42**	**169,532.45**	**328,821.87**

Tennessee American Service Company Costs & Full Time Equivalent Employees
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		Hours	Payroll	Expenses	Total
2009 Apr	Accounting	528.14	17,164.92	6,743.91	23,908.83
2009 Apr	Administration	60.98	3,763.42	74,514.31	78,277.73
2009 Apr	Audit	27.33	1,483.04	1,496.40	2,979.44
2009 Apr	Communications	148.08	7,328.06	7,630.50	14,958.56
2009 Apr	Legal	59.32	3,745.45	6,116.06	9,861.51
2009 Apr	Engineering	3.40	223.37	546.83	770.20
2009 Apr	Finance	686.63	32,321.88	36,034.51	68,356.39
2009 Apr	Human Resources	137.15	6,543.67	9,733.07	16,276.74
2009 Apr	Information Systems	483.81	21,210.57	44,464.99	65,675.56
2009 Apr	Operations	293.93	14,585.07	14,983.47	29,568.54
2009 Apr	Rates & Revenue	30.32	1,690.39	1,555.22	3,245.61
2009 Apr	Risk Management	15.98	804.96	769.95	1,574.91
2009 Apr	Water Quality	172.75	5,372.97	8,727.99	14,100.96
2009 Apr	Customer Service	2,475.46	46,365.18	50,411.01	96,776.19
		5,123.28	**162,602.95**	**263,728.22**	**426,331.17**

		Hours	Payroll	Expenses	Total
2009 May	Accounting	506.20	15,650.68	10,005.24	25,655.92
2009 May	Administration	62.77	3,358.83	41,592.46	44,951.29
2009 May	Audit	29.80	1,587.73	992.95	2,580.68
2009 May	Communications	154.52	7,364.62	7,903.70	15,268.32
2009 May	Legal	85.68	4,926.22	7,653.74	12,579.96
2009 May	Engineering	0.84	66.92	724.84	791.76
2009 May	Finance	752.41	34,421.48	38,994.85	73,416.33
2009 May	Human Resources	144.66	6,132.90	7,976.51	14,109.41
2009 May	Information Systems	473.72	20,276.19	56,620.82	76,897.01
2009 May	Operations	326.39	16,730.33	19,220.86	35,951.19
2009 May	Rates & Revenue	47.05	2,216.92	2,182.23	4,399.15
2009 May	Risk Management	23.10	1,045.62	1,346.78	2,392.40
2009 May	Water Quality	173.50	5,057.96	9,614.97	14,672.93
2009 May	Customer Service	2,451.67	43,613.38	58,488.37	102,101.75
		5,232.31	**162,449.78**	**263,318.32**	**425,768.10**

		Hours	Payroll	Expenses	Total
2009 Jun	Accounting	842.23	18,592.36	12,165.13	30,757.49
2009 Jun	Administration	100.64	3,241.30	39,330.77	42,572.07
2009 Jun	Audit	43.72	1,697.86	1,095.14	2,793.00
2009 Jun	Communications	233.74	8,993.49	10,760.35	19,753.84
2009 Jun	Legal	106.48	3,366.12	7,650.96	11,017.08
2009 Jun	Engineering	(1.31)	(283.60)	1,091.80	808.20
2009 Jun	Finance	1,087.28	37,954.07	43,672.27	81,626.34
2009 Jun	Human Resources	213.93	13,526.90	10,719.35	24,246.25
2009 Jun	Information Systems	767.24	23,662.29	57,444.35	81,106.64
2009 Jun	Operations	420.04	16,705.15	20,438.41	37,143.56
2009 Jun	Rates & Revenue	64.04	1,598.13	2,165.93	3,764.06
2009 Jun	Risk Management	51.74	1,479.48	1,818.23	3,297.71
2009 Jun	Water Quality	263.22	5,113.52	9,444.08	14,557.60
2009 Jun	Customer Service	3,595.36	41,723.06	62,296.02	104,019.08
		7,788.35	**177,370.13**	**280,092.79**	**457,462.92**

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		Hours	Payroll	Expenses	Total
2009 Jul	Accounting	586.57	19,877.33	14,419.29	34,296.62
2009 Jul	Administration	71.05	4,382.42	38,365.56	42,747.98
2009 Jul	Audit	28.98	1,727.01	957.68	2,684.69
2009 Jul	Communications	139.04	7,117.30	9,778.52	16,895.82
2009 Jul	Legal	83.02	5,498.19	6,498.73	11,996.92
2009 Jul	Engineering	3.06	227.54	805.94	1,033.48
2009 Jul	Finance	735.10	35,277.22	34,709.37	69,986.59
2009 Jul	Human Resources	140.89	6,966.19	10,502.45	17,468.64
2009 Jul	Information Systems	479.88	22,255.36	57,411.18	79,666.54
2009 Jul	Operations	496.30	25,135.82	23,619.86	48,755.68
2009 Jul	Rates & Revenue	33.42	1,828.09	2,223.77	4,051.86
2009 Jul	Risk Management	28.99	1,307.75	1,318.03	2,625.78
2009 Jul	Water Quality	178.21	5,987.18	10,070.60	16,057.78
2009 Jul	Customer Service	2,354.66	46,131.07	67,639.06	113,770.13
		5,359.17	**183,718.47**	**278,320.04**	**462,038.51**

		Hours	Payroll	Expenses	Total
2009 Aug	Accounting	577.62	17,936.59	7,906.65	25,843.24
2009 Aug	Administration	68.49	3,609.89	38,136.14	41,746.03
2009 Aug	Audit	29.80	1,702.06	1,648.50	3,350.56
2009 Aug	Communications	150.99	7,172.31	7,685.07	14,857.38
2009 Aug	Legal	72.55	3,767.68	6,550.26	10,317.94
2009 Aug	Engineering	1.40	93.69	1,325.65	1,419.34
2009 Aug	Finance	731.88	33,389.04	36,903.80	70,292.84
2009 Aug	Human Resources	159.89	7,644.78	14,754.00	22,398.78
2009 Aug	Information Systems	461.63	19,917.32	51,475.99	71,393.31
2009 Aug	Operations	716.58	24,563.53	21,843.46	46,406.99
2009 Aug	Rates & Revenue	27.58	1,489.03	2,096.50	3,585.53
2009 Aug	Risk Management	44.98	1,500.05	1,464.41	2,964.46
2009 Aug	Water Quality	172.94	5,222.57	9,092.88	14,315.45
2009 Aug	Customer Service	2,286.97	40,982.71	61,399.14	102,381.85
		5,503.30	**168,991.25**	**262,282.45**	**431,273.70**

		Hours	Payroll	Expenses	Total
2009 Sep	Accounting	582.51	18,998.02	10,082.16	29,080.18
2009 Sep	Administration	67.98	3,885.51	38,287.06	42,172.57
2009 Sep	Audit	29.80	1,735.86	1,850.83	3,586.69
2009 Sep	Communications	164.14	7,977.48	9,450.23	17,427.71
2009 Sep	Legal	79.13	4,607.71	6,847.00	11,454.71
2009 Sep	Engineering	1.95	147.22	630.27	777.49
2009 Sep	Finance	746.12	34,978.24	41,037.68	76,015.92
2009 Sep	Human Resources	168.07	8,015.45	12,913.14	20,928.59
2009 Sep	Information Systems	471.68	21,504.65	63,002.97	84,507.62
2009 Sep	Operations	729.36	26,059.72	22,103.68	48,163.40
2009 Sep	Rates & Revenue	40.03	1,890.92	2,228.73	4,119.65
2009 Sep	Risk Management	42.18	1,563.53	1,376.12	2,939.65
2009 Sep	Water Quality	171.86	5,433.49	8,819.31	14,252.80
2009 Sep	Customer Service	2,159.66	40,958.68	64,694.34	105,653.02
		5,454.47	**177,756.48**	**283,323.52**	**461,080.00**

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		Hours	Payroll	Expenses	Total
2009 Oct	Accounting	586.80	19,078.51	12,319.39	31,397.90
2009 Oct	Administration	68.37	3,900.02	38,676.37	42,576.39
2009 Oct	Audit	29.80	1,689.61	2,595.98	4,285.59
2009 Oct	Communications	156.75	7,595.51	10,018.99	17,614.50
2009 Oct	Legal	64.20	3,772.32	6,502.81	10,275.13
2009 Oct	Engineering	1.11	107.08	477.47	584.55
2009 Oct	Finance	699.58	32,956.14	33,941.25	66,897.39
2009 Oct	Human Resources	159.78	7,576.51	12,919.76	20,496.27
2009 Oct	Information Systems	480.70	22,051.60	55,732.33	77,783.93
2009 Oct	Operations	692.77	24,900.76	21,267.58	46,168.34
2009 Oct	Rates & Revenue	30.87	1,641.06	2,071.21	3,712.27
2009 Oct	Risk Management	40.93	1,606.89	1,427.86	3,034.75
2009 Oct	Water Quality	170.01	5,497.32	9,175.78	14,673.10
2009 Oct	Customer Service	1,924.32	34,687.80	56,585.20	91,273.00
		5,105.99	**167,061.13**	**263,711.98**	**430,773.11**

		Hours	Payroll	Expenses	Total
2009 Nov	Accounting	923.21	19,977.21	11,801.60	31,778.81
2009 Nov	Administration	102.42	3,086.99	39,162.19	42,249.18
2009 Nov	Audit	44.66	1,492.07	2,909.56	4,401.63
2009 Nov	Communications	234.92	8,652.35	8,680.09	17,332.44
2009 Nov	Legal	88.90	2,031.44	7,992.08	10,023.52
2009 Nov	Engineering	(11.14)	(776.31)	961.65	185.34
2009 Nov	Finance	987.00	29,604.10	38,349.06	67,953.16
2009 Nov	Human Resources	241.73	6,560.48	10,548.32	17,108.80
2009 Nov	Information Systems	752.59	21,639.31	63,255.76	84,895.07
2009 Nov	Operations	1,061.53	22,920.29	20,441.16	43,361.45
2009 Nov	Rates & Revenue	68.35	1,894.51	2,216.08	4,110.59
2009 Nov	Risk Management	267.23	7,734.90	2,879.59	10,614.49
2009 Nov	Water Quality	253.51	4,668.86	9,963.73	14,632.59
2009 Nov	Customer Service	3,088.50	33,595.62	62,541.28	96,136.90
		8,103.41	**163,081.82**	**281,702.15**	**444,783.97**

		Hours	Payroll	Expenses	Total
2009 Dec	Accounting	610.90	20,151.27	10,016.41	30,167.68
2009 Dec	Administration	67.55	4,106.46	49,724.36	53,830.82
2009 Dec	Audit	29.80	1,768.65	3,239.35	5,008.00
2009 Dec	Communications	141.35	6,250.78	8,820.34	15,071.12
2009 Dec	Legal	54.58	3,874.78	6,978.10	10,852.88
2009 Dec	Engineering		80.31	510.02	590.33
2009 Dec	Finance	641.46	31,845.48	42,317.93	74,163.41
2009 Dec	Human Resources	161.44	8,000.19	19,408.48	27,408.67
2009 Dec	Information Systems	504.09	23,975.63	105,112.17	129,087.80
2009 Dec	Operations	766.97	28,456.32	21,506.64	49,962.96
2009 Dec	Rates & Revenue	52.11	2,421.04	2,092.04	4,513.08
2009 Dec	Risk Management	54.71	2,184.54	2,568.82	4,753.36
2009 Dec	Water Quality	175.18	6,005.62	4,888.93	10,894.55
2009 Dec	Customer Service	2,054.88	49,165.06	66,522.72	115,687.78
		5,315.02	**188,286.13**	**343,706.31**	**531,992.44**

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		Hours	Payroll	Expenses	Total	FTE's
2009 Total	Accounting	7,307.11	215,295.59	124,186.34	339,481.93	3.51
2009 Total	Administration	848.58	43,619.10	468,402.43	512,021.53	0.41
2009 Total	Audit	370.09	18,550.93	19,613.34	38,164.27	0.18
2009 Total	Communications	1,976.21	89,577.15	105,392.27	194,969.42	0.95
2009 Total	Legal	902.98	48,075.05	83,537.97	131,613.02	0.43
2009 Total	Engineering	0.01	32.89	8,665.64	8,698.53	0.00
2009 Total	Finance	8,984.26	388,327.83	448,290.05	836,617.88	4.32
2009 Total	Human Resources	1,914.99	87,026.98	142,102.22	229,129.20	0.92
2009 Total	Information Systems	6,468.06	262,055.89	663,109.10	925,164.99	3.11
2009 Total	Operations	6,327.01	239,054.40	240,462.39	479,516.79	3.04
2009 Total	Rates & Revenue	486.67	20,716.72	24,939.59	45,656.31	0.23
2009 Total	Risk Management	630.00	21,719.82	19,652.84	41,372.66	0.30
2009 Total	Water Quality	2,259.80	63,683.86	108,224.37	171,908.23	1.09
2009 Total	Customer Service	30,546.83	521,421.64	725,358.40	1,246,780.04	14.69
		69,022.60	**2,019,157.85**	**3,181,936.95**	**5,201,094.80**	**33.18**

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		Hours	Payroll	Expenses	Total
2008 Jan	Accounting	515.78	16,088.24	9,010.33	25,098.57
2008 Jan	Administration	69.66	4,153.22	79,844.20	83,997.42
2008 Jan	Audit	22.51	1,248.81	880.81	2,129.62
2008 Jan	Communications	34.33	2,433.53	5,126.81	7,560.34
2008 Jan	Legal	94.50	5,224.50	5,288.81	10,513.31
2008 Jan	Engineering	1.68	(133.05)	945.14	812.09
2008 Jan	Finance	678.87	31,444.33	68,113.34	99,557.67
2008 Jan	Human Resources	164.93	8,483.21	9,898.95	18,382.16
2008 Jan	Information Systems	485.56	20,231.58	37,470.67	57,702.25
2008 Jan	Operations	362.04	18,526.69	17,151.48	35,678.17
2008 Jan	Rates & Revenue	300.26	13,622.09	5,457.22	19,079.31
2008 Jan	Risk Management	74.38	3,620.82	3,502.77	7,123.59
2008 Jan	Water Quality	174.64	5,263.39	7,114.71	12,378.10
2008 Jan	Customer Service	2,752.05	50,710.12	50,188.26	100,898.38
		5,731.19	**180,917.48**	**299,993.50**	**480,910.98**

		Hours	Payroll	Expenses	Total
2008 Feb	Accounting	489.71	13,896.61	12,969.39	26,866.00
2008 Feb	Administration	62.26	3,361.26	69,430.69	72,791.95
2008 Feb	Audit	23.64	1,162.97	711.39	1,874.36
2008 Feb	Communications	49.16	3,235.72	4,498.77	7,734.49
2008 Feb	Legal	63.56	3,516.49	3,946.18	7,462.67
2008 Feb	Engineering	-	(27.52)	316.03	288.51
2008 Feb	Finance	656.31	29,272.35	52,768.01	82,040.36
2008 Feb	Human Resources	166.12	7,025.93	9,972.53	16,998.46
2008 Feb	Information Systems	496.96	18,656.57	43,145.34	61,801.91
2008 Feb	Operations	261.77	13,079.68	12,449.53	25,529.21
2008 Feb	Rates & Revenue	128.31	5,684.29	4,512.00	10,196.29
2008 Feb	Risk Management	98.09	4,252.00	8,346.39	12,598.39
2008 Feb	Water Quality	175.02	5,016.56	9,439.60	14,456.16
2008 Feb	Customer Service	2,599.84	43,620.45	57,659.90	101,280.35
		5,270.75	**151,753.36**	**290,165.75**	**441,919.11**

		Hours	Payroll	Expenses	Total
2008 Mar	Accounting	501.67	14,301.16	13,411.25	27,712.41
2008 Mar	Administration	64.65	3,336.30	90,755.57	94,091.87
2008 Mar	Audit	23.64	1,244.07	1,492.83	2,736.90
2008 Mar	Communications	93.45	5,198.06	4,009.34	9,207.40
2008 Mar	Legal	57.27	3,350.13	5,257.27	8,607.40
2008 Mar	Engineering	0.28	38.86	727.87	766.73
2008 Mar	Finance	631.53	30,526.77	57,822.12	88,348.89
2008 Mar	Human Resources	162.38	6,888.26	11,747.36	18,635.62
2008 Mar	Information Systems	505.69	19,451.17	42,938.90	62,390.07
2008 Mar	Operations	307.33	15,358.59	20,770.67	36,129.26
2008 Mar	Rates & Revenue	61.37	3,214.99	3,897.45	7,112.44
2008 Mar	Risk Management	70.08	2,928.20	4,748.72	7,676.92
2008 Mar	Water Quality	176.71	5,080.84	12,894.16	17,975.00
2008 Mar	Customer Service	2,678.99	45,352.53	55,781.14	101,133.67
		5,335.04	**156,269.93**	**326,254.65**	**482,524.58**

		Hours	Payroll	Expenses	Total

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2008 Apr	Accounting	507.86	15,535.43	10,934.58	26,470.01
2008 Apr	Administration	61.32	3,642.42	71,886.48	75,528.90
2008 Apr	Audit	27.00	1,521.39	874.43	2,395.82
2008 Apr	Communications	88.27	4,985.69	4,329.45	9,315.14
2008 Apr	Legal	62.58	5,518.19	5,166.62	10,684.81
2008 Apr	Engineering	0.56	147.51	546.59	694.10
2008 Apr	Finance	628.82	29,570.64	47,953.08	77,523.72
2008 Apr	Human Resources	162.17	7,702.41	6,869.44	14,571.85
2008 Apr	Information Systems	461.34	19,276.84	59,157.05	78,433.89
2008 Apr	Operations	350.66	17,064.15	16,331.27	33,395.42
2008 Apr	Rates & Revenue	147.54	6,829.60	2,449.65	9,279.25
2008 Apr	Risk Management	110.67	5,088.61	4,057.60	9,146.21
2008 Apr	Water Quality	167.27	5,346.00	10,435.64	15,781.64
2008 Apr	Customer Service	2,739.30	49,893.59	50,319.42	100,213.01
		5,515.36	**172,122.47**	**291,311.30**	**463,433.77**

		Hours	Payroll	Expenses	Total
2008 May	Accounting	493.34	15,536.19	10,438.42	25,974.61
2008 May	Administration	63.01	3,522.70	77,178.60	80,701.30
2008 May	Audit	27.04	1,518.33	871.03	2,389.36
2008 May	Communications	89.04	4,348.03	4,889.76	9,237.79
2008 May	Legal	66.31	3,887.54	4,244.35	8,131.89
2008 May	Engineering	0.84	79.34	261.06	340.40
2008 May	Finance	663.99	30,558.19	34,023.79	64,581.98
2008 May	Human Resources	159.87	7,440.23	8,217.39	15,657.62
2008 May	Information Systems	449.44	18,679.57	43,336.94	62,016.51
2008 May	Operations	380.21	19,977.76	14,950.94	34,928.70
2008 May	Rates & Revenue	167.49	6,882.21	3,488.22	10,370.43
2008 May	Risk Management	74.93	3,755.04	4,975.08	8,730.12
2008 May	Water Quality	161.21	5,090.23	9,253.85	14,344.08
2008 May	Customer Service	2,730.91	50,234.87	51,189.86	101,424.73
		5,527.63	**171,510.23**	**267,319.29**	**438,829.52**

		Hours	Payroll	Expenses	Total
2008 Jun	Accounting	497.24	15,197.96	10,728.84	25,926.80
2008 Jun	Administration	61.97	3,367.72	90,962.13	94,329.85
2008 Jun	Audit	25.32	1,332.98	1,310.38	2,643.36
2008 Jun	Communications	109.63	5,392.90	4,492.36	9,885.26
2008 Jun	Legal	80.80	4,846.01	4,484.87	9,330.88
2008 Jun	Engineering	1.12	80.47	243.30	323.77
2008 Jun	Finance	794.69	33,220.40	43,010.19	76,230.59
2008 Jun	Human Resources	167.56	8,389.85	12,570.41	20,960.26
2008 Jun	Information Systems	480.11	30,635.86	47,625.01	78,260.87
2008 Jun	Operations	353.57	33,755.68	29,756.61	63,512.29
2008 Jun	Rates & Revenue	212.64	9,415.78	3,809.29	13,225.07
2008 Jun	Risk Management	72.52	3,414.09	2,636.66	6,050.75
2008 Jun	Water Quality	166.05	7,183.04	7,706.32	14,889.36
2008 Jun	Customer Service	2,713.50	51,941.66	60,973.25	112,914.91
		5,736.72	**208,174.40**	**320,309.62**	**528,484.02**

		Hours	Payroll	Expenses	Total
2008 Jul	Accounting	744.03	15,385.07	8,433.56	23,818.63

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2008 Jul	Administration	93.17	3,109.64	64,101.58	67,211.22
2008 Jul	Audit	35.46	1,600.15	1,203.03	2,803.18
2008 Jul	Communications	188.62	7,353.75	4,882.01	12,235.76
2008 Jul	Legal	108.97	4,568.67	6,301.01	10,869.68
2008 Jul	Engineering	3.78	35.08	103.27	138.35
2008 Jul	Finance	1,155.01	41,437.75	41,255.81	82,693.56
2008 Jul	Human Resources	245.23	7,747.30	13,269.83	21,017.13
2008 Jul	Information Systems	683.25	10,754.66	41,443.85	52,198.51
2008 Jul	Operations	526.15	18,270.11	6,369.04	24,639.15
2008 Jul	Rates & Revenue	131.88	4,379.03	2,676.61	7,055.64
2008 Jul	Risk Management	108.25	3,686.07	4,645.77	8,331.84
2008 Jul	Water Quality	262.68	3,563.46	6,727.34	10,290.80
2008 Jul	Customer Service	4,069.36	51,115.04	63,312.44	114,427.48
		8,355.84	**173,005.78**	**264,725.15**	**437,730.93**

		Hours	Payroll	Expenses	Total
2008 Aug	Accounting	494.55	14,733.60	9,753.25	24,486.85
2008 Aug	Administration	58.64	3,193.60	56,288.09	59,481.69
2008 Aug	Audit	24.48	1,390.47	1,222.32	2,612.79
2008 Aug	Communications	131.05	6,019.73	4,321.62	10,341.35
2008 Aug	Legal	71.42	3,941.91	5,133.72	9,075.63
2008 Aug	Engineering	0.56	47.60	290.27	337.87
2008 Aug	Finance	914.84	41,624.61	37,553.96	79,178.57
2008 Aug	Human Resources	172.01	7,592.97	11,051.23	18,644.20
2008 Aug	Information Systems	449.90	24,757.70	47,655.50	72,413.20
2008 Aug	Operations	361.25	16,967.95	23,739.86	40,707.81
2008 Aug	Rates & Revenue	158.43	7,485.80	3,028.47	10,514.27
2008 Aug	Risk Management	75.88	3,381.48	4,864.13	8,245.61
2008 Aug	Water Quality	173.10	5,397.26	7,479.37	12,876.63
2008 Aug	Customer Service	2,755.98	47,651.56	61,794.28	109,445.84
		5,842.09	**184,186.24**	**274,176.07**	**458,362.31**

		Hours	Payroll	Expenses	Total
2008 Sep	Accounting	495.77	15,724.71	9,875.26	25,599.97
2008 Sep	Administration	56.85	3,325.72	63,194.68	66,520.40
2008 Sep	Audit	26.16	1,504.55	1,089.85	2,594.40
2008 Sep	Communications	127.07	6,069.28	5,112.49	11,181.77
2008 Sep	Legal	70.96	4,312.36	4,830.81	9,143.17
2008 Sep	Engineering	0.84	83.30	289.81	373.11
2008 Sep	Finance	673.30	31,522.40	33,487.54	65,009.94
2008 Sep	Human Resources	171.56	8,138.03	13,388.49	21,526.52
2008 Sep	Information Systems	481.33	19,676.56	32,323.60	52,000.16
2008 Sep	Operations	318.61	16,678.61	17,441.81	34,120.42
2008 Sep	Rates & Revenue	81.53	4,780.82	3,793.90	8,574.72
2008 Sep	Risk Management	73.30	3,454.23	4,164.64	7,618.87
2008 Sep	Water Quality	166.74	5,267.53	8,619.05	13,886.58
2008 Sep	Customer Service	2,903.37	52,522.99	59,584.78	112,107.77
		5,647.39	**173,061.09**	**257,196.71**	**430,257.80**

		Hours	Payroll	Expenses	Total
2008 Oct	Accounting	513.21	16,917.32	8,503.90	25,421.22
2008 Oct	Administration	56.87	3,711.48	56,946.86	60,658.34

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2008 Oct	Audit	27.85	1,662.38	875.44	2,537.82
2008 Oct	Communications	139.05	7,045.44	4,085.75	11,131.19
2008 Oct	Legal	69.31	4,331.85	4,288.75	8,620.60
2008 Oct	Engineering	1.68	142.80	227.20	370.00
2008 Oct	Finance	604.66	29,036.66	26,906.66	55,943.32
2008 Oct	Human Resources	172.89	8,670.14	9,732.42	18,402.56
2008 Oct	Information Systems	474.32	20,426.60	48,668.10	69,094.70
2008 Oct	Operations	351.11	18,190.68	14,104.48	32,295.16
2008 Oct	Rates & Revenue	63.04	3,018.29	4,103.48	7,121.77
2008 Oct	Risk Management	77.51	3,802.40	2,479.07	6,281.47
2008 Oct	Water Quality	171.48	5,629.44	7,231.32	12,860.76
2008 Oct	Customer Service	2,798.63	51,975.73	45,106.82	97,082.55
		5,521.61	**174,561.21**	**233,260.25**	**407,821.46**

		Hours	Payroll	Expenses	Total
2008 Nov	Accounting	513.54	14,694.26	7,778.67	22,472.93
2008 Nov	Administration	55.42	2,928.86	52,705.17	55,634.03
2008 Nov	Audit	27.00	1,251.15	906.70	2,157.85
2008 Nov	Communications	140.47	6,325.81	5,208.26	11,534.07
2008 Nov	Legal	77.97	4,110.48	3,555.90	7,666.38
2008 Nov	Engineering	2.80	119.00	252.91	371.91
2008 Nov	Finance	628.82	27,016.08	28,546.50	55,562.58
2008 Nov	Human Resources	176.45	7,254.81	8,263.31	15,518.12
2008 Nov	Information Systems	476.98	18,769.11	45,930.94	64,700.05
2008 Nov	Operations	332.03	14,332.57	13,324.62	27,657.19
2008 Nov	Rates & Revenue	63.35	2,520.90	1,745.24	4,266.14
2008 Nov	Risk Management	85.20	3,939.45	4,569.87	8,509.32
2008 Nov	Water Quality	175.78	4,740.23	8,603.49	13,343.72
2008 Nov	Customer Service	2,687.53	47,116.39	48,460.40	95,576.79
		5,443.34	**155,119.10**	**229,851.98**	**384,971.08**

		Hours	Payroll	Expenses	Total
2008 Dec	Accounting	761.06	16,102.70	9,304.48	25,407.18
2008 Dec	Administration	84.74	2,944.38	24,114.49	27,058.87
2008 Dec	Audit	39.58	1,621.57	1,144.07	2,765.64
2008 Dec	Communications	227.54	8,689.48	11,588.87	20,278.35
2008 Dec	Legal	110.13	2,512.88	4,564.99	7,077.87
2008 Dec	Engineering	3.36	(23.81)	229.90	206.09
2008 Dec	Finance	926.99	30,274.97	39,168.93	69,443.90
2008 Dec	Human Resources	241.47	6,274.86	10,362.08	16,636.94
2008 Dec	Information Systems	699.61	21,557.91	82,350.25	103,908.16
2008 Dec	Operations	499.60	12,733.39	13,689.66	26,423.05
2008 Dec	Rates & Revenue	67.70	2,022.38	948.67	2,971.05
2008 Dec	Risk Management	94.81	3,057.93	3,049.85	6,107.78
2008 Dec	Water Quality	269.91	5,416.12	9,117.41	14,533.53
2008 Dec	Customer Service	4,113.25	51,780.71	43,002.23	94,782.94
		8,139.75	**164,965.47**	**252,635.88**	**417,601.35**

		Hours	Payroll	Expenses	Total	FTE's
2008 Total	Accounting	6,527.76	184,113.25	121,141.93	305,255.18	3.14
2008 Total	Administration	788.56	40,597.30	797,408.54	838,005.84	0.38
2008 Total	Audit	329.68	17,058.82	12,582.28	29,641.10	0.16

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2008 Total	Communications	1,417.68	67,097.42	62,545.49	129,642.91	0.68
2008 Total	Legal	933.78	50,121.01	57,063.28	107,184.29	0.45
2008 Total	Engineering	17.50	589.58	4,433.35	5,022.93	0.01
2008 Total	Finance	8,957.83	385,505.15	510,609.93	896,115.08	4.31
2008 Total	Human Resources	2,162.64	91,608.00	125,343.44	216,951.44	1.04
2008 Total	Information Systems	6,144.49	242,874.13	572,046.15	814,920.28	2.95
2008 Total	Operations	4,404.33	214,935.86	200,079.97	415,015.83	2.12
2008 Total	Rates & Revenue	1,583.54	69,856.18	39,910.20	109,766.38	0.76
2008 Total	Risk Management	1,015.62	44,380.32	52,040.55	96,420.87	0.49
2008 Total	Water Quality	2,240.59	62,994.10	104,622.26	167,616.36	1.08
2008 Total	Customer Service	35,542.71	593,915.64	647,372.78	1,241,288.42	17.09
		72,066.71	**2,065,646.76**	**3,307,200.15**	**5,372,846.91**	**34.65**

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		Hours	Payroll	Expenses	Total
2007 Jan	Accounting	512.85	15,688.82	7,876.52	23,565.34
2007 Jan	Administration	97.21	6,770.64	70,769.72	77,540.36
2007 Jan	Audit	27.75	1,361.14	734.97	2,096.11
2007 Jan	Communications	57.75	4,079.07	4,973.57	9,052.64
2007 Jan	Legal	41.06	3,115.68	4,699.15	7,814.83
2007 Jan	Engineering	80.15	4,191.49	3,608.71	7,800.20
2007 Jan	Finance	469.70	21,292.64	46,372.04	67,664.68
2007 Jan	Human Resources	163.82	5,295.77	7,661.36	12,957.13
2007 Jan	Information Systems	391.56	16,055.65	27,426.08	43,481.73
2007 Jan	Operations	348.58	17,017.49	12,729.01	29,746.50
2007 Jan	Rates & Revenue	29.05	2,697.76	2,425.80	5,123.56
2007 Jan	Risk Management	108.40	4,569.53	1,081.27	5,650.80
2007 Jan	Water Quality	236.28	8,385.76	6,735.79	15,121.55
2007 Jan	Customer Service	2,512.45	44,641.99	47,979.22	92,621.21
		5,076.61	**155,163.43**	**245,073.21**	**400,236.64**

		Hours	Payroll	Expenses	Total
2007 Feb	Accounting	782.75	13,835.38	9,623.69	23,459.07
2007 Feb	Administration	150.40	5,702.90	56,052.87	61,755.77
2007 Feb	Audit	38.85	1,046.85	1,057.06	2,103.91
2007 Feb	Communications	149.61	6,034.01	5,075.47	11,109.48
2007 Feb	Legal	46.82	(146.95)	8,469.31	8,322.36
2007 Feb	Engineering	92.21	279.60	5,029.77	5,309.37
2007 Feb	Finance	786.54	25,558.23	91,583.12	117,141.35
2007 Feb	Human Resources	231.89	5,212.51	7,802.87	13,015.38
2007 Feb	Information Systems	697.26	17,426.49	40,268.32	57,694.81
2007 Feb	Operations	558.78	16,790.13	15,703.64	32,493.77
2007 Feb	Rates & Revenue	233.33	8,438.98	4,947.82	13,386.80
2007 Feb	Risk Management	212.48	6,183.62	3,258.36	9,441.98
2007 Feb	Water Quality	338.92	5,680.81	10,713.96	16,394.77
2007 Feb	Customer Service	3,809.80	39,061.51	52,946.09	92,007.60
		8,129.64	**151,104.07**	**312,532.35**	**463,636.42**

		Hours	Payroll	Expenses	Total
2007 Mar	Accounting	532.30	15,258.26	6,530.27	21,788.53
2007 Mar	Administration	99.14	7,523.15	(18,013.42)	(10,490.27)
2007 Mar	Audit	24.48	1,248.93	905.98	2,154.91
2007 Mar	Communications	94.65	5,035.41	5,520.82	10,556.23
2007 Mar	Legal	79.98	4,636.44	4,641.50	9,277.94
2007 Mar	Engineering	56.91	2,917.74	3,921.55	6,839.29
2007 Mar	Finance	439.90	20,714.92	93,727.37	114,442.29
2007 Mar	Human Resources	157.47	5,986.94	14,592.93	20,579.87
2007 Mar	Information Systems	427.77	16,311.32	31,282.20	47,593.52
2007 Mar	Operations	375.29	19,600.91	13,963.67	33,564.58
2007 Mar	Rates & Revenue	206.54	10,141.61	3,840.47	13,982.08
2007 Mar	Risk Management	141.83	5,371.29	3,972.10	9,343.39
2007 Mar	Water Quality	184.86	5,918.94	8,882.39	14,801.33
2007 Mar	Customer Service	2,480.57	41,954.04	51,041.68	92,995.72
		5,301.69	**162,619.90**	**224,809.51**	**387,429.41**

		Hours	Payroll	Expenses	Total

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2007 Apr	Accounting	520.20	14,674.50	5,106.02	19,780.52
2007 Apr	Administration	95.91	5,888.18	54,514.51	60,402.69
2007 Apr	Audit	23.66	1,166.62	655.24	1,821.86
2007 Apr	Communications	84.20	2,907.75	3,934.76	6,842.51
2007 Apr	Legal	77.29	4,934.26	4,366.42	9,300.68
2007 Apr	Engineering	57.58	2,862.58	4,080.95	6,943.53
2007 Apr	Finance	473.84	24,142.05	67,970.30	92,112.35
2007 Apr	Human Resources	156.78	6,108.89	7,578.41	13,687.30
2007 Apr	Information Systems	466.42	17,726.23	34,643.80	52,370.03
2007 Apr	Operations	442.42	19,733.54	14,464.17	34,197.71
2007 Apr	Rates & Revenue	75.90	2,530.86	2,531.43	5,062.29
2007 Apr	Risk Management	78.24	3,362.54	2,488.20	5,850.74
2007 Apr	Water Quality	196.76	6,229.99	7,841.08	14,071.07
2007 Apr	Customer Service	2,504.69	41,902.13	52,749.45	94,651.58
		5,253.89	**154,170.12**	**262,924.74**	**417,094.86**

		Hours	Payroll	Expenses	Total
2007 May	Accounting	521.32	16,258.97	9,468.34	25,727.31
2007 May	Administration	96.84	7,324.05	53,485.34	60,809.39
2007 May	Audit	21.67	1,231.99	801.06	2,033.05
2007 May	Communications	87.00	4,287.83	3,009.06	7,296.89
2007 May	Legal	59.20	3,983.27	5,060.87	9,044.14
2007 May	Engineering	58.82	3,556.05	3,070.50	6,626.55
2007 May	Finance	357.09	19,986.61	96,732.06	116,718.67
2007 May	Human Resources	160.51	6,775.20	8,863.56	15,638.76
2007 May	Information Systems	480.37	19,701.58	36,178.92	55,880.50
2007 May	Operations	469.05	22,689.17	14,518.82	37,207.99
2007 May	Rates & Revenue	81.80	4,891.45	4,724.96	9,616.41
2007 May	Risk Management	74.54	3,533.45	2,481.79	6,015.24
2007 May	Water Quality	204.72	7,391.01	5,961.96	13,352.97
2007 May	Customer Service	2,586.27	47,801.95	49,531.99	97,333.94
		5,259.20	**169,412.58**	**293,889.23**	**463,301.81**

		Hours	Payroll	Expenses	Total
2007 Jun	Accounting	505.37	14,066.49	8,320.48	22,386.97
2007 Jun	Administration	94.17	3,688.35	60,254.64	63,942.99
2007 Jun	Audit	22.84	1,185.89	1,397.43	2,583.32
2007 Jun	Communications	63.56	3,283.94	3,849.83	7,133.77
2007 Jun	Legal	55.88	3,463.80	4,635.10	8,098.90
2007 Jun	Engineering	62.90	3,039.75	2,056.04	5,095.79
2007 Jun	Finance	356.15	18,005.89	54,619.88	72,625.77
2007 Jun	Human Resources	153.63	6,096.68	6,621.76	12,718.44
2007 Jun	Information Systems	534.06	19,995.28	27,624.01	47,619.29
2007 Jun	Operations	440.32	20,120.30	12,418.84	32,539.14
2007 Jun	Rates & Revenue	49.38	2,141.59	2,926.80	5,068.39
2007 Jun	Risk Management	101.12	4,298.00	2,907.81	7,205.81
2007 Jun	Water Quality	201.58	6,206.87	8,161.15	14,368.02
2007 Jun	Customer Service	2,666.24	45,308.43	45,911.44	91,219.87
		5,307.20	**150,901.26**	**241,705.21**	**392,606.47**

		Hours	Payroll	Expenses	Total
2007 Jul	Accounting	764.89	14,869.69	8,276.00	23,145.69

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2007 Jul	Administration	150.77	6,603.31	64,562.46	71,165.77
2007 Jul	Audit	34.26	1,134.18	1,764.70	2,898.88
2007 Jul	Communications	121.24	4,125.15	3,969.37	8,094.52
2007 Jul	Legal	88.59	2,265.80	5,759.10	8,024.90
2007 Jul	Engineering	93.41	1,272.16	2,608.39	3,880.55
2007 Jul	Finance	670.53	23,344.56	75,071.89	98,416.45
2007 Jul	Human Resources	232.02	5,624.47	11,377.32	17,001.79
2007 Jul	Information Systems	757.93	22,485.96	23,047.53	45,533.49
2007 Jul	Operations	645.76	20,227.53	13,955.35	34,182.88
2007 Jul	Rates & Revenue	93.06	2,012.25	4,163.45	6,175.70
2007 Jul	Risk Management	137.77	4,648.83	2,832.86	7,481.69
2007 Jul	Water Quality	310.97	6,105.78	9,158.03	15,263.81
2007 Jul	Customer Service	4,162.34	49,751.42	41,214.92	90,966.34
		8,263.54	**164,471.09**	**267,761.37**	**432,232.46**

		Hours	Payroll	Expenses	Total
2007 Aug	Accounting	494.81	15,476.65	10,165.95	25,642.60
2007 Aug	Administration	101.56	7,703.95	58,578.50	66,282.45
2007 Aug	Audit	19.99	1,174.49	1,790.39	2,964.88
2007 Aug	Communications	55.93	3,243.60	2,996.81	6,240.41
2007 Aug	Legal	65.22	3,875.54	3,339.65	7,215.19
2007 Aug	Engineering	58.67	3,515.37	2,436.45	5,951.82
2007 Aug	Finance	313.40	18,107.47	55,664.79	73,772.26
2007 Aug	Human Resources	159.77	6,898.77	7,864.02	14,762.79
2007 Aug	Information Systems	503.50	20,072.72	25,104.10	45,176.82
2007 Aug	Operations	405.73	19,691.50	12,513.92	32,205.42
2007 Aug	Rates & Revenue	36.97	1,669.79	3,218.13	4,887.92
2007 Aug	Risk Management	136.60	5,945.79	3,741.58	9,687.37
2007 Aug	Water Quality	211.72	7,233.33	7,242.58	14,475.91
2007 Aug	Customer Service	2,629.53	48,400.71	48,367.46	96,768.17
		5,193.40	**163,009.68**	**243,024.33**	**406,034.01**

		Hours	Payroll	Expenses	Total
2007 Sep	Accounting	516.72	13,965.69	7,262.53	21,228.22
2007 Sep	Administration	88.32	6,170.74	33,065.01	39,235.75
2007 Sep	Audit	16.32	891.40	1,143.99	2,035.39
2007 Sep	Communications	35.70	2,016.03	3,148.01	5,164.04
2007 Sep	Legal	59.95	2,638.05	4,582.56	7,220.61
2007 Sep	Engineering	66.07	2,812.89	2,134.21	4,947.10
2007 Sep	Finance	337.41	15,802.03	83,747.96	99,549.99
2007 Sep	Human Resources	153.15	5,758.33	6,488.50	12,246.83
2007 Sep	Information Systems	477.35	17,544.90	26,458.62	44,003.52
2007 Sep	Operations	443.53	18,396.71	12,214.01	30,610.72
2007 Sep	Rates & Revenue	52.10	1,876.94	4,891.52	6,768.46
2007 Sep	Risk Management	100.67	4,152.30	3,338.85	7,491.15
2007 Sep	Water Quality	190.76	5,538.42	7,903.26	13,441.68
2007 Sep	Customer Service	2,666.52	42,560.35	44,811.65	87,372.00
		5,204.57	**140,124.78**	**241,190.68**	**381,315.46**

		Hours	Payroll	Expenses	Total
2007 Oct	Accounting	521.03	16,177.67	8,686.37	24,864.04
2007 Oct	Administration	87.33	7,114.09	64,922.81	72,036.90

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2007	Oct	Audit	16.32	1,069.55	1,831.98	2,901.53
2007	Oct	Communications	51.80	3,516.87	3,052.21	6,569.08
2007	Oct	Legal	65.99	4,060.91	4,710.57	8,771.48
2007	Oct	Engineering	56.53	3,431.50	2,584.83	6,016.33
2007	Oct	Finance	386.69	20,657.39	57,299.72	77,957.11
2007	Oct	Human Resources	148.59	6,536.71	8,376.90	14,913.61
2007	Oct	Information Systems	518.14	20,853.45	30,490.35	51,343.80
2007	Oct	Operations	392.88	20,509.23	14,232.88	34,742.11
2007	Oct	Rates & Revenue	66.75	2,813.97	4,578.12	7,392.09
2007	Oct	Risk Management	68.09	3,382.28	5,858.43	9,240.71
2007	Oct	Water Quality	205.89	7,381.82	7,402.05	14,783.87
2007	Oct	Customer Service	2,604.23	48,985.07	41,602.33	90,587.40
			5,190.26	**166,490.51**	**255,629.55**	**422,120.06**

			Hours	Payroll	Expenses	Total
2007	Nov	Accounting	508.52	14,844.50	8,333.08	23,177.58
2007	Nov	Administration	84.35	5,167.91	62,237.63	67,405.54
2007	Nov	Audit	18.60	1,130.63	2,122.67	3,253.30
2007	Nov	Communications	38.26	2,308.48	3,134.49	5,442.97
2007	Nov	Legal	82.30	4,534.13	4,638.75	9,172.88
2007	Nov	Engineering	62.84	3,376.23	2,622.48	5,998.71
2007	Nov	Finance	415.26	20,993.76	69,743.87	90,737.63
2007	Nov	Human Resources	152.09	6,372.59	7,341.45	13,714.04
2007	Nov	Information Systems	471.98	19,086.01	29,243.50	48,329.51
2007	Nov	Operations	382.80	17,768.68	13,005.60	30,774.28
2007	Nov	Rates & Revenue	34.66	1,563.32	3,672.21	5,235.53
2007	Nov	Risk Management	59.57	3,093.86	4,597.80	7,691.66
2007	Nov	Water Quality	216.28	7,346.24	8,060.58	15,406.82
2007	Nov	Customer Service	2,675.25	47,567.67	42,521.50	90,089.17
			5,202.76	**155,154.01**	**261,275.61**	**416,429.62**

			Hours	Payroll	Expenses	Total
2007	Dec	Accounting	761.47	13,830.11	10,727.98	24,558.09
2007	Dec	Administration	116.40	4,739.71	45,036.56	49,776.27
2007	Dec	Audit	29.38	916.21	1,917.96	2,834.17
2007	Dec	Communications	39.94	840.63	2,771.95	3,612.58
2007	Dec	Legal	92.85	3,255.94	6,768.56	10,024.50
2007	Dec	Engineering	62.08	(425.77)	1,715.38	1,289.61
2007	Dec	Finance	715.37	28,711.07	50,052.62	78,763.69
2007	Dec	Human Resources	238.67	6,429.48	12,300.03	18,729.51
2007	Dec	Information Systems	748.98	21,589.22	46,606.68	68,195.90
2007	Dec	Operations	622.78	17,293.39	15,031.51	32,324.90
2007	Dec	Rates & Revenue	216.04	7,041.63	6,956.85	13,998.48
2007	Dec	Risk Management	76.74	2,169.05	4,942.72	7,111.77
2007	Dec	Water Quality	290.53	4,612.05	5,346.14	9,958.19
2007	Dec	Customer Service	3,950.71	44,728.04	40,605.61	85,333.65
			7,961.94	**155,730.76**	**250,780.55**	**406,511.31**

			Hours	Payroll	Expenses	Total	FTE's
2007	Total	Accounting	6,942.23	178,946.73	100,377.23	279,323.96	3.34
2007	Total	Administration	1,262.40	74,396.98	605,466.63	679,863.61	0.61
2007	Total	Audit	294.12	13,557.88	16,123.43	29,681.31	0.14

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2007 Total	Communications	879.64	41,678.77	45,436.35	87,115.12	0.42
2007 Total	Legal	815.13	40,616.87	61,671.54	102,288.41	0.39
2007 Total	Engineering	808.17	30,829.59	35,869.26	66,698.85	0.39
2007 Total	Finance	5,721.88	257,316.62	842,585.62	1,099,902.24	2.75
2007 Total	Human Resources	2,108.39	73,096.34	106,869.11	179,965.45	1.01
2007 Total	Information Systems	6,475.32	228,848.81	378,374.11	607,222.92	3.11
2007 Total	Operations	5,527.92	229,838.58	164,751.42	394,590.00	2.66
2007 Total	Rates & Revenue	1,175.58	47,820.15	48,877.56	96,697.71	0.57
2007 Total	Risk Management	1,296.05	50,710.54	41,501.77	92,212.31	0.62
2007 Total	Water Quality	2,789.27	78,031.02	93,408.97	171,439.99	1.34
2007 Total	Customer Service	35,248.60	542,663.31	559,283.34	1,101,946.65	16.95
		71,344.70	**1,888,352.19**	**3,100,596.34**	**4,988,948.53**	**34.30**

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		Hours	Payroll	Expenses	Total
2006 Jan	Accounting	680.89	12,938.18	(2,178.42)	10,759.76
2006 Jan	Administration	295.34	5,926.09	72,430.90	78,356.99
2006 Jan	Audit	41.70	1,317.21	(4,389.62)	(3,072.41)
2006 Jan	Communications	66.44	1,541.60	3,281.64	4,823.24
2006 Jan	Legal	148.77	7,211.30	4,460.75	11,672.05
2006 Jan	Engineering	107.83	(1,697.91)	1,540.25	(157.66)
2006 Jan	Finance	420.47	11,904.83	9,166.40	21,071.23
2006 Jan	Human Resources	186.46	5,465.18	(2,136.51)	3,328.67
2006 Jan	Information Systems	526.09	13,261.77	30,593.18	43,854.95
2006 Jan	Operations	672.71	19,196.35	4,934.81	24,131.16
2006 Jan	Rates & Revenue	85.21	2,046.93	6,591.43	8,638.36
2006 Jan	Risk Management	71.30	1,415.89	1,427.08	2,842.97
2006 Jan	Water Quality	360.87	6,992.74	2,322.00	9,314.74
2006 Jan	Customer Service	3,455.77	37,274.91	12,879.84	50,154.75
		7,119.85	**124,795.07**	**140,923.73**	**265,718.80**

		Hours	Payroll	Expenses	Total
2006 Feb	Accounting	470.62	12,563.19	16,789.40	29,352.59
2006 Feb	Administration	140.24	3,366.41	81,951.42	85,317.83
2006 Feb	Audit	27.49	1,119.13	5,151.96	6,271.09
2006 Feb	Communications	51.19	1,950.27	5,928.15	7,878.42
2006 Feb	Legal	117.11	7,943.21	3,943.65	11,886.86
2006 Feb	Engineering	68.20	2,849.17	5,292.42	8,141.59
2006 Feb	Finance	270.01	10,842.46	12,917.77	23,760.23
2006 Feb	Human Resources	141.64	5,674.62	8,916.62	14,591.24
2006 Feb	Information Systems	345.14	11,938.08	30,355.89	42,293.97
2006 Feb	Operations	348.82	13,891.50	13,004.85	26,896.35
2006 Feb	Rates & Revenue	34.91	1,471.62	7,320.99	8,792.61
2006 Feb	Risk Management	93.64	3,283.17	2,680.56	5,963.73
2006 Feb	Water Quality	288.98	8,351.14	10,153.03	18,504.17
2006 Feb	Customer Service	2,331.23	36,958.35	55,576.81	92,535.16
		4,729.22	**122,202.32**	**259,983.52**	**382,185.84**

		Hours	Payroll	Expenses	Total
2006 Mar	Accounting	463.49	13,813.92	16,060.64	29,874.56
2006 Mar	Administration	112.54	8,175.03	83,734.51	91,909.54
2006 Mar	Audit	27.89	1,343.82	739.85	2,083.67
2006 Mar	Communications	25.02	1,594.44	2,360.56	3,955.00
2006 Mar	Legal	117.63	8,525.30	4,668.11	13,193.41
2006 Mar	Engineering	49.54	3,472.52	4,834.08	8,306.60
2006 Mar	Finance	412.83	18,937.57	19,940.02	38,877.59
2006 Mar	Human Resources	214.66	8,874.71	10,127.27	19,001.98
2006 Mar	Information Systems	392.98	14,887.22	16,970.11	31,857.33
2006 Mar	Operations	374.24	17,026.82	16,366.12	33,392.94
2006 Mar	Rates & Revenue	37.43	1,970.67	2,328.86	4,299.53
2006 Mar	Risk Management	66.29	2,899.07	3,484.54	6,383.61
2006 Mar	Water Quality	201.64	7,023.23	8,829.28	15,852.51
2006 Mar	Customer Service	2,297.79	38,704.27	22,526.88	61,231.15
		4,793.97	**147,248.59**	**212,970.83**	**360,219.42**

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		Hours	Payroll	Expenses	Total
2006 Apr	Accounting	453.67	11,686.10	15,285.41	26,971.51
2006 Apr	Administration	101.10	5,769.49	48,421.07	54,190.56
2006 Apr	Audit	28.20	1,109.56	802.80	1,912.36
2006 Apr	Communications	27.58	1,489.47	3,008.46	4,497.93
2006 Apr	Legal	104.46	7,203.79	5,674.99	12,878.78
2006 Apr	Engineering	38.50	(414.25)	3,519.24	3,104.99
2006 Apr	Finance	430.89	17,807.77	6,231.90	24,039.67
2006 Apr	Human Resources	230.77	9,429.67	2,106.22	11,535.89
2006 Apr	Information Systems	343.66	13,290.93	27,007.28	40,298.21
2006 Apr	Operations	355.88	12,978.84	11,283.34	24,262.18
2006 Apr	Rates & Revenue	55.47	2,974.35	6,734.17	9,708.52
2006 Apr	Risk Management	36.52	1,224.94	1,468.79	2,693.73
2006 Apr	Water Quality	203.57	5,492.47	9,306.18	14,798.65
2006 Apr	Customer Service	2,245.38	34,651.12	60,564.51	95,215.63
		4,655.65	**124,694.25**	**201,414.36**	**326,108.61**

		Hours	Payroll	Expenses	Total
2006 May	Accounting	710.70	12,912.48	13,704.25	26,616.73
2006 May	Administration	151.37	8,522.41	74,969.35	83,491.76
2006 May	Audit	40.76	1,110.58	1,204.54	2,315.12
2006 May	Communications	39.35	413.48	4,003.40	4,416.88
2006 May	Legal	160.38	8,382.94	7,311.16	15,694.10
2006 May	Engineering	78.75	545.23	3,734.53	4,279.76
2006 May	Finance	723.18	23,896.15	45,969.39	69,865.54
2006 May	Human Resources	199.46	5,211.55	11,760.58	16,972.13
2006 May	Information Systems	516.50	10,726.72	18,792.34	29,519.06
2006 May	Operations	664.96	16,981.36	14,059.29	31,040.65
2006 May	Rates & Revenue	102.36	2,610.03	4,332.57	6,942.60
2006 May	Risk Management	145.00	4,053.70	3,493.72	7,547.42
2006 May	Water Quality	308.04	4,955.15	6,229.46	11,184.61
2006 May	Customer Service	3,487.50	36,053.05	45,432.13	81,485.18
		7,328.31	**136,374.83**	**254,996.71**	**391,371.54**

		Hours	Payroll	Expenses	Total
2006 Jun	Accounting	470.00	15,366.58	12,189.53	27,556.11
2006 Jun	Administration	86.67	6,861.17	89,998.43	96,859.60
2006 Jun	Audit	28.22	1,506.41	740.84	2,247.25
2006 Jun	Communications	48.73	7,779.47	2,074.23	9,853.70
2006 Jun	Legal	90.08	7,624.93	8,336.28	15,961.21
2006 Jun	Engineering	79.17	5,057.53	5,103.97	10,161.50
2006 Jun	Finance	496.57	25,311.11	41,889.43	67,200.54
2006 Jun	Human Resources	144.03	7,846.18	7,963.89	15,810.07
2006 Jun	Information Systems	349.66	13,965.83	36,320.49	50,286.32
2006 Jun	Operations	420.72	21,244.23	15,945.30	37,189.53
2006 Jun	Rates & Revenue	58.57	3,450.82	6,175.29	9,626.11
2006 Jun	Risk Management	105.75	4,531.57	2,901.43	7,433.00
2006 Jun	Water Quality	206.71	8,126.11	10,828.03	18,954.14
2006 Jun	Customer Service	2,350.60	45,951.09	41,905.93	87,857.02
		4,935.48	**174,623.03**	**282,373.07**	**456,996.10**

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		Hours	Payroll	Expenses	Total
2006 Jul	Accounting	436.04	11,517.61	9,190.54	20,708.15
2006 Jul	Administration	82.38	5,001.14	59,054.65	64,055.79
2006 Jul	Audit	15.52	1,664.18	418.06	2,082.24
2006 Jul	Communications	33.49	2,510.89	4,584.16	7,095.05
2006 Jul	Legal	105.63	6,809.19	4,127.39	10,936.58
2006 Jul	Engineering	80.15	3,444.83	2,792.16	6,236.99
2006 Jul	Finance	419.05	18,073.90	30,203.58	48,277.48
2006 Jul	Human Resources	173.01	7,083.36	7,825.00	14,908.36
2006 Jul	Information Systems	378.09	13,030.26	25,064.44	38,094.70
2006 Jul	Operations	475.43	18,173.55	9,707.54	27,881.09
2006 Jul	Rates & Revenue	44.76	2,003.05	951.67	2,954.72
2006 Jul	Risk Management	74.64	2,691.73	2,059.26	4,750.99
2006 Jul	Water Quality	217.15	6,526.46	7,330.93	13,857.39
2006 Jul	Customer Service	2,428.79	38,239.64	41,053.57	79,293.21
		4,964.13	**136,769.79**	**204,362.95**	**341,132.74**

		Hours	Payroll	Expenses	Total
2006 Aug	Accounting	441.41	10,138.95	5,251.73	15,390.68
2006 Aug	Administration	78.52	5,138.91	43,174.02	48,312.93
2006 Aug	Audit	31.99	506.77	513.71	1,020.48
2006 Aug	Communications	44.97	2,601.53	3,647.14	6,248.67
2006 Aug	Legal	53.33	3,731.23	5,052.34	8,783.57
2006 Aug	Engineering	65.31	2,706.09	3,685.94	6,392.03
2006 Aug	Finance	468.72	21,673.64	21,098.50	42,772.14
2006 Aug	Human Resources	180.86	6,810.58	9,967.29	16,777.87
2006 Aug	Information Systems	417.17	14,534.80	26,317.09	40,851.89
2006 Aug	Operations	319.27	13,091.69	18,992.58	32,084.27
2006 Aug	Rates & Revenue	75.59	2,664.54	2,752.41	5,416.95
2006 Aug	Risk Management	125.77	4,776.63	4,967.83	9,744.46
2006 Aug	Water Quality	209.61	6,061.22	10,046.48	16,107.70
2006 Aug	Customer Service	2,354.46	35,777.32	38,858.62	74,635.94
		4,866.98	**130,213.90**	**194,325.68**	**324,539.58**

		Hours	Payroll	Expenses	Total
2006 Sep	Accounting	670.20	14,917.17	13,976.80	28,893.97
2006 Sep	Administration	116.95	5,285.58	71,350.95	76,636.53
2006 Sep	Audit	44.69	1,669.87	790.88	2,460.75
2006 Sep	Communications	82.63	3,422.21	8,289.97	11,712.18
2006 Sep	Legal	74.16	3,252.45	6,674.28	9,926.73
2006 Sep	Engineering	127.77	3,584.06	6,027.56	9,611.62
2006 Sep	Finance	801.76	29,862.78	84,685.90	114,548.68
2006 Sep	Human Resources	288.85	9,270.50	8,975.89	18,246.39
2006 Sep	Information Systems	612.38	19,733.87	30,807.54	50,541.41
2006 Sep	Operations	666.04	22,934.54	14,636.89	37,571.43
2006 Sep	Rates & Revenue	104.57	3,572.88	2,688.88	6,261.76
2006 Sep	Risk Management	176.11	5,626.85	1,931.32	7,558.17
2006 Sep	Water Quality	391.94	10,072.36	21,467.53	31,539.89
2006 Sep	Customer Service	3,611.91	47,988.65	49,407.60	97,396.25
		7,769.96	**181,193.77**	**321,711.99**	**502,905.76**

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		Hours	Payroll	Expenses	Total
2006 Oct	Accounting	472.95	12,462.22	10,865.39	23,327.61
2006 Oct	Administration	76.59	4,130.80	57,641.28	61,772.08
2006 Oct	Audit	27.44	1,268.15	762.29	2,030.44
2006 Oct	Communications	31.47	2,193.05	4,043.04	6,236.09
2006 Oct	Legal	36.46	2,385.65	4,981.85	7,367.50
2006 Oct	Engineering	97.62	4,201.80	5,019.53	9,221.33
2006 Oct	Finance	492.18	20,924.79	53,176.73	74,101.52
2006 Oct	Human Resources	229.05	8,458.88	10,848.77	19,307.65
2006 Oct	Information Systems	422.81	15,930.49	34,825.82	50,756.31
2006 Oct	Operations	378.08	16,668.86	13,579.71	30,248.57
2006 Oct	Rates & Revenue	81.73	3,380.41	2,255.25	5,635.66
2006 Oct	Risk Management	117.49	4,334.75	2,904.50	7,239.25
2006 Oct	Water Quality	206.37	6,029.11	4,705.52	10,734.63
2006 Oct	Customer Service	2,445.55	38,002.96	40,222.75	78,225.71
		5,115.79	**140,371.92**	**245,832.43**	**386,204.35**

		Hours	Payroll	Expenses	Total
2006 Nov	Accounting	491.19	14,711.83	8,133.52	22,845.35
2006 Nov	Administration	81.84	3,583.08	52,000.83	55,583.91
2006 Nov	Audit	28.22	1,757.28	1,412.05	3,169.33
2006 Nov	Communications	40.77	4,597.75	4,741.30	9,339.05
2006 Nov	Legal	30.84	3,488.63	4,795.08	8,283.71
2006 Nov	Engineering	123.32	6,732.14	3,517.74	10,249.88
2006 Nov	Finance	554.22	26,297.83	36,265.46	62,563.29
2006 Nov	Human Resources	194.69	8,951.93	11,461.62	20,413.55
2006 Nov	Information Systems	376.65	16,893.18	36,075.04	52,968.22
2006 Nov	Operations	442.14	22,477.41	11,428.17	33,905.58
2006 Nov	Rates & Revenue	34.07	2,465.60	3,585.50	6,051.10
2006 Nov	Risk Management	131.82	5,450.91	3,491.19	8,942.10
2006 Nov	Water Quality	218.19	8,416.81	7,496.13	15,912.94
2006 Nov	Customer Service	2,442.75	48,051.78	41,511.87	89,563.65
		5,190.71	**173,876.16**	**225,915.50**	**399,791.66**

		Hours	Payroll	Expenses	Total
2006 Dec	Accounting	503.39	13,690.62	21,227.53	34,918.15
2006 Dec	Administration	81.05	4,338.06	700,638.26	704,976.32
2006 Dec	Audit	28.22	1,266.20	743.40	2,009.60
2006 Dec	Communications	38.50	2,515.08	8,936.09	11,451.17
2006 Dec	Legal	37.45	2,336.54	10,378.58	12,715.12
2006 Dec	Engineering	109.56	4,573.21	4,239.18	8,812.39
2006 Dec	Finance	530.84	20,680.48	66,169.65	86,850.13
2006 Dec	Human Resources	169.87	6,353.56	9,731.92	16,085.48
2006 Dec	Information Systems	385.82	13,794.22	50,222.50	64,016.72
2006 Dec	Operations	426.53	17,552.65	24,537.98	42,090.63
2006 Dec	Rates & Revenue	82.39	3,315.95	16,038.90	19,354.85
2006 Dec	Risk Management	129.85	4,687.90	4,064.00	8,751.90
2006 Dec	Water Quality	242.85	8,103.01	6,071.54	14,174.55
2006 Dec	Customer Service	2,555.51	40,278.69	41,015.12	81,293.81
		5,321.83	**143,486.17**	**964,014.65**	**1,107,500.82**

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		Hours	Payroll	Expenses	Total	FTE's
2006 Total	Accounting	6,264.55	156,718.85	140,496.32	297,215.17	3.01
2006 Total	Administration	1,404.59	66,098.17	1,435,365.67	1,501,463.84	0.68
2006 Total	Audit	370.34	15,639.16	8,890.76	24,529.92	0.18
2006 Total	Communications	530.14	32,609.24	54,898.14	87,507.38	0.25
2006 Total	Legal	1,076.30	68,895.16	70,404.46	139,299.62	0.52
2006 Total	Engineering	1,025.72	35,054.42	49,306.60	84,361.02	0.49
2006 Total	Finance	6,020.72	246,213.31	427,714.73	673,928.04	2.89
2006 Total	Human Resources	2,353.35	89,430.72	97,548.56	186,979.28	1.13
2006 Total	Information Systems	5,066.95	171,987.37	363,351.72	535,339.09	2.44
2006 Total	Operations	5,544.82	212,217.80	168,476.58	380,694.38	2.67
2006 Total	Rates & Revenue	797.06	31,926.85	61,755.92	93,682.77	0.38
2006 Total	Risk Management	1,274.18	44,977.11	34,874.22	79,851.33	0.61
2006 Total	Water Quality	3,055.92	86,149.81	104,786.11	190,935.92	1.47
2006 Total	Customer Service	32,007.24	477,931.83	490,955.63	968,887.46	15.39
		66,791.88	**1,735,849.80**	**3,508,825.42**	**5,244,675.22**	**32.11**

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		Hours	Payroll	Expenses	Total
2005 Jan	Accounting	634.89	12,231.87	1,220.75	13,452.62
2005 Jan	Administration	595.34	25,750.64	(25,945.81)	(195.17)
2005 Jan	Audit	40.22	1,115.10	(9,280.14)	(8,165.04)
2005 Jan	Communications	48.72	2,990.21	7,829.87	10,820.08
2005 Jan	Legal	91.12	5,793.02	6,072.21	11,865.23
2005 Jan	Engineering	75.15	9,173.23	15,571.73	24,744.96
2005 Jan	Finance	370.47	18,909.96	16,686.74	35,596.70
2005 Jan	Human Resources	137.74	5,419.70	31,924.92	37,344.62
2005 Jan	Information Systems	597.05	12,331.06	20,180.14	32,511.20
2005 Jan	Operations	409.43	22,393.58	28,245.13	50,638.71
2005 Jan	Rates & Revenue	37.40	1,642.72	3,411.61	5,054.33
2005 Jan	Risk Management	35.83	1,590.31	2,594.51	4,184.82
2005 Jan	Water Quality	313.90	8,283.27	15,079.10	23,362.37
2005 Jan	Customer Service	2,503.49	28,433.94	24,274.99	52,708.93
		5,890.75	**156,058.61**	**137,865.75**	**293,924.36**

		Hours	Payroll	Expenses	Total
2005 Feb	Accounting	442.88	8,934.13	6,412.08	15,346.21
2005 Feb	Administration	428.89	19,601.59	89,320.81	108,922.40
2005 Feb	Audit	27.53	1,045.44	1,856.59	2,902.03
2005 Feb	Communications	32.60	9.08	3,735.06	3,744.14
2005 Feb	Legal	53.91	403.54	12,647.30	13,050.84
2005 Feb	Engineering	41.72	(8,586.36)	(937.13)	(9,523.49)
2005 Feb	Finance	249.07	3,181.93	455.36	3,637.29
2005 Feb	Human Resources	84.05	5,629.80	18,181.11	23,810.91
2005 Feb	Information Systems	375.57	13,564.81	41,813.76	55,378.57
2005 Feb	Operations	314.95	(2,012.46)	23,524.98	21,512.52
2005 Feb	Rates & Revenue	102.82	1,831.44	3,756.32	5,587.76
2005 Feb	Risk Management	27.66	741.85	1,162.44	1,904.29
2005 Feb	Water Quality	205.85	2,341.43	9,389.82	11,731.25
2005 Feb	Customer Service	1,749.30	27,756.59	23,775.63	51,532.22
		4,136.80	**74,442.81**	**235,094.13**	**309,536.94**

		Hours	Payroll	Expenses	Total
2005 Mar	Accounting	444.36	11,967.81	10,125.13	22,092.94
2005 Mar	Administration	417.48	29,666.88	34,023.84	63,690.72
2005 Mar	Audit	28.28	1,257.16	(319.13)	938.03
2005 Mar	Communications	39.20	2,513.39	3,198.03	5,711.42
2005 Mar	Legal	111.45	8,027.36	(4,234.92)	3,792.44
2005 Mar	Engineering	57.04	6,202.26	5,432.62	11,634.88
2005 Mar	Finance	196.23	11,016.89	4,630.10	15,646.99
2005 Mar	Human Resources	70.90	6,652.41	21,822.12	28,474.53
2005 Mar	Information Systems	344.81	10,376.13	18,757.91	29,134.04
2005 Mar	Operations	273.85	16,491.92	(11,794.06)	4,697.86
2005 Mar	Rates & Revenue	22.39	1,538.10	3,397.08	4,935.18
2005 Mar	Risk Management	25.99	1,451.20	1,611.36	3,062.56
2005 Mar	Water Quality	206.23	7,150.90	5,147.50	12,298.40
2005 Mar	Customer Service	1,819.31	33,392.10	22,018.78	55,410.88
		4,057.52	**147,704.51**	**113,816.36**	**261,520.87**

		Hours	Payroll	Expenses	Total

Tennessee American Service Company Costs & Full Time Equivalent Employees
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2005 Apr	Accounting	432.89	11,299.58	5,511.71	16,811.29
2005 Apr	Administration	292.64	21,602.79	191,398.63	213,001.42
2005 Apr	Audit	26.78	1,143.95	260.23	1,404.18
2005 Apr	Communications	38.36	2,347.32	1,904.04	4,251.36
2005 Apr	Legal	117.44	8,576.54	5,053.60	13,630.14
2005 Apr	Engineering	71.91	3,902.06	3,133.19	7,035.25
2005 Apr	Finance	201.56	8,455.39	9,043.64	17,499.03
2005 Apr	Human Resources	66.46	(2,506.64)	30,756.84	28,250.20
2005 Apr	Information Systems	379.67	15,733.77	24,126.15	39,859.92
2005 Apr	Operations	344.43	13,086.13	9,886.19	22,972.32
2005 Apr	Rates & Revenue	55.16	2,126.54	1,856.60	3,983.14
2005 Apr	Risk Management	29.36	2,020.35	2,940.00	4,960.35
2005 Apr	Water Quality	203.50	6,426.54	3,152.28	9,578.82
2005 Apr	Customer Service	1,788.60	30,543.52	40,823.80	71,367.32
		4,048.76	**124,757.84**	**329,846.90**	**454,604.74**

		Hours	Payroll	Expenses	Total
2005 May	Accounting	445.55	12,385.28	7,739.24	20,124.52
2005 May	Administration	207.76	7,937.65	91,004.01	98,941.66
2005 May	Audit	27.53	1,221.57	696.75	1,918.32
2005 May	Communications	46.84	3,301.32	3,725.64	7,026.96
2005 May	Legal	116.67	10,567.18	6,010.54	16,577.72
2005 May	Engineering	42.75	3,030.78	2,545.04	5,575.82
2005 May	Finance	240.69	14,652.57	16,332.25	30,984.82
2005 May	Human Resources	72.85	2,265.98	27,714.44	29,980.42
2005 May	Information Systems	355.80	11,729.65	24,609.99	36,339.64
2005 May	Operations	393.82	16,604.96	11,669.78	28,274.74
2005 May	Rates & Revenue	65.63	2,287.62	2,582.13	4,869.75
2005 May	Risk Management	32.18	2,227.69	1,440.33	3,668.02
2005 May	Water Quality	269.09	9,121.43	9,320.42	18,441.85
2005 May	Customer Service	1,906.50	31,077.09	29,926.46	61,003.55
		4,223.66	**128,410.77**	**235,317.02**	**363,727.79**

		Hours	Payroll	Expenses	Total
2005 Jun	Accounting	650.16	12,559.40	15,316.54	27,875.94
2005 Jun	Administration	321.60	15,420.91	16,096.04	31,516.95
2005 Jun	Audit	31.20	722.28	1,416.49	2,138.77
2005 Jun	Communications	49.55	1,585.74	8,997.92	10,583.66
2005 Jun	Legal	173.73	8,359.85	12,219.99	20,579.84
2005 Jun	Engineering	77.97	(1,369.73)	13,273.56	11,903.83
2005 Jun	Finance	482.85	9,975.93	14,472.39	24,448.32
2005 Jun	Human Resources	121.19	6,192.56	33,349.68	39,542.24
2005 Jun	Information Systems	638.70	16,585.05	39,328.73	55,913.78
2005 Jun	Operations	708.94	20,746.53	31,558.76	52,305.29
2005 Jun	Rates & Revenue	54.14	1,421.33	5,249.41	6,670.74
2005 Jun	Risk Management	59.18	1,506.42	3,804.88	5,311.30
2005 Jun	Water Quality	541.57	12,586.21	13,215.83	25,802.04
2005 Jun	Customer Service	3,775.33	41,879.26	29,173.13	71,052.39
		7,686.11	**148,171.74**	**237,473.35**	**385,645.09**

		Hours	Payroll	Expenses	Total
2005 Jul	Accounting	426.25	11,268.40	7,663.02	18,931.42

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2005 Jul	Administration	212.24	10,653.01	98,521.35	109,174.36
2005 Jul	Audit	24.80	1,303.34	1,150.44	2,453.78
2005 Jul	Communications	61.87	3,614.42	5,582.06	9,196.48
2005 Jul	Legal	113.49	7,111.51	4,678.65	11,790.16
2005 Jul	Engineering	52.82	2,672.88	4,343.57	7,016.45
2005 Jul	Finance	249.95	10,458.11	9,230.79	19,688.90
2005 Jul	Human Resources	84.92	4,288.44	18,144.37	22,432.81
2005 Jul	Information Systems	381.24	13,301.30	26,714.81	40,016.11
2005 Jul	Operations	461.47	17,202.27	13,083.20	30,285.47
2005 Jul	Rates & Revenue	21.58	1,205.16	3,333.61	4,538.77
2005 Jul	Risk Management	66.81	2,680.05	3,206.07	5,886.12
2005 Jul	Water Quality	362.28	10,392.65	8,714.74	19,107.39
2005 Jul	Customer Service	2,196.41	33,437.09	48,150.70	81,587.79
		4,716.13	**129,588.63**	**252,517.38**	**382,106.01**

		Hours	Payroll	Expenses	Total
2005 Aug	Accounting	426.66	12,535.23	5,700.51	18,235.74
2005 Aug	Administration	211.04	11,156.83	60,755.45	71,912.28
2005 Aug	Audit	25.60	1,242.16	989.95	2,232.11
2005 Aug	Communications	53.81	3,286.25	3,542.50	6,828.75
2005 Aug	Legal	104.65	6,944.55	7,582.75	14,527.30
2005 Aug	Engineering	61.34	4,265.79	4,172.50	8,438.29
2005 Aug	Finance	283.56	17,339.15	10,251.90	27,591.05
2005 Aug	Human Resources	102.45	6,276.42	34,182.65	40,459.07
2005 Aug	Information Systems	372.55	14,113.03	29,628.90	43,741.93
2005 Aug	Operations	407.54	17,333.33	14,377.05	31,710.38
2005 Aug	Rates & Revenue	40.09	1,877.86	3,185.15	5,063.01
2005 Aug	Risk Management	36.68	2,039.19	1,451.52	3,490.71
2005 Aug	Water Quality	348.13	10,574.94	9,423.51	19,998.45
2005 Aug	Customer Service	2,151.24	25,783.81	34,300.95	60,084.76
		4,625.34	**134,768.54**	**219,545.29**	**354,313.83**

		Hours	Payroll	Expenses	Total
2005 Sep	Accounting	429.19	11,970.71	10,336.13	22,306.84
2005 Sep	Administration	227.51	11,902.13	79,647.18	91,549.31
2005 Sep	Audit	25.60	1,179.28	1,152.46	2,331.74
2005 Sep	Communications	58.39	3,104.14	4,486.09	7,590.23
2005 Sep	Legal	101.38	7,403.42	5,425.85	12,829.27
2005 Sep	Engineering	58.08	3,298.74	4,622.56	7,921.30
2005 Sep	Finance	256.32	7,061.17	7,444.94	14,506.11
2005 Sep	Human Resources	101.55	5,881.09	23,249.31	29,130.40
2005 Sep	Information Systems	364.01	15,507.64	30,579.75	46,087.39
2005 Sep	Operations	335.30	13,914.21	6,858.96	20,773.17
2005 Sep	Rates & Revenue	35.41	1,609.48	2,715.27	4,324.75
2005 Sep	Risk Management	61.46	3,658.02	3,084.53	6,742.55
2005 Sep	Water Quality	322.30	10,018.09	10,746.67	20,764.76
2005 Sep	Customer Service	2,140.37	35,546.94	54,077.79	89,624.73
		4,516.87	**132,055.06**	**244,427.49**	**376,482.55**

		Hours	Payroll	Expenses	Total
2005 Oct	Accounting	434.62	13,067.15	7,364.35	20,431.50
2005 Oct	Administration	330.01	17,841.71	111,434.60	129,276.31

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2005 Oct	Audit	23.20	879.60	2,009.22	2,888.82
2005 Oct	Communications	38.06	2,653.04	4,913.09	7,566.13
2005 Oct	Legal	123.03	7,782.04	4,068.79	11,850.83
2005 Oct	Engineering	50.28	2,727.53	4,818.16	7,545.69
2005 Oct	Finance	248.23	10,587.66	4,924.49	15,512.15
2005 Oct	Human Resources	104.58	5,828.63	19,200.43	25,029.06
2005 Oct	Information Systems	279.72	10,035.04	15,955.67	25,990.71
2005 Oct	Operations	362.76	16,932.27	10,409.10	27,341.37
2005 Oct	Rates & Revenue	41.13	1,700.77	2,382.19	4,082.96
2005 Oct	Risk Management	65.79	2,629.66	3,829.03	6,458.69
2005 Oct	Water Quality	283.35	11,368.31	4,625.11	15,993.42
2005 Oct	Customer Service	2,203.03	35,816.06	27,346.03	63,162.09
		4,587.79	**139,849.47**	**223,280.26**	**363,129.73**

		Hours	Payroll	Expenses	Total
2005 Nov	Accounting	444.41	12,867.88	13,851.16	26,719.04
2005 Nov	Administration	277.41	11,129.88	76,144.53	87,274.41
2005 Nov	Audit	24.00	1,294.46	1,637.97	2,932.43
2005 Nov	Communications	41.51	2,487.98	3,519.77	6,007.75
2005 Nov	Legal	114.72	7,626.20	4,652.09	12,278.29
2005 Nov	Engineering	55.79	3,417.05	4,222.82	7,639.87
2005 Nov	Finance	274.16	12,647.09	10,054.38	22,701.47
2005 Nov	Human Resources	106.93	8,031.45	19,181.44	27,212.89
2005 Nov	Information Systems	367.26	12,105.23	34,093.29	46,198.52
2005 Nov	Operations	368.25	16,721.90	9,683.72	26,405.62
2005 Nov	Rates & Revenue	37.01	1,751.24	4,084.02	5,835.26
2005 Nov	Risk Management	37.42	1,872.02	1,226.64	3,098.66
2005 Nov	Water Quality	246.74	8,314.19	6,705.81	15,020.00
2005 Nov	Customer Service	2,266.19	42,939.97	43,352.44	86,292.41
		4,661.80	**143,206.54**	**232,410.08**	**375,616.62**

		Hours	Payroll	Expenses	Total
2005 Dec	Accounting	456.99	15,563.83	20,857.95	36,421.78
2005 Dec	Administration	289.51	21,158.25	72,008.49	93,166.74
2005 Dec	Audit	27.20	1,220.62	8,946.48	10,167.10
2005 Dec	Communications	42.48	2,636.78	7,416.79	10,053.57
2005 Dec	Legal	100.45	6,063.81	5,159.61	11,223.42
2005 Dec	Engineering	63.76	4,169.63	6,581.86	10,751.49
2005 Dec	Finance	254.34	15,133.42	21,169.70	36,303.12
2005 Dec	Human Resources	118.78	5,556.48	34,967.62	40,524.10
2005 Dec	Information Systems	344.11	12,710.78	65,111.75	77,822.53
2005 Dec	Operations	384.91	16,337.05	18,024.44	34,361.49
2005 Dec	Rates & Revenue	31.61	2,398.49	12,162.62	14,561.11
2005 Dec	Risk Management	55.31	2,487.61	1,428.74	3,916.35
2005 Dec	Water Quality	280.42	9,057.62	6,943.34	16,000.96
2005 Dec	Customer Service	2,350.88	38,316.65	68,502.78	106,819.43
		4,800.75	**152,811.02**	**349,282.17**	**502,093.19**

		Hours	Payroll	Expenses	Total	FTE's
2005 Total	Accounting	5,668.85	146,651.27	112,098.57	258,749.84	2.73
2005 Total	Administration	3,811.43	203,822.27	894,409.12	1,098,231.39	1.83
2005 Total	Audit	331.94	13,624.96	10,517.31	24,142.27	0.16

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2005 Total	Communications	551.39	30,529.67	58,850.86	89,380.53	0.27
2005 Total	Legal	1,322.04	84,659.02	69,336.46	153,995.48	0.64
2005 Total	Engineering	708.61	32,903.86	67,780.48	100,684.34	0.34
2005 Total	Finance	3,307.43	139,419.27	124,696.68	264,115.95	1.59
2005 Total	Human Resources	1,172.40	59,516.32	312,674.93	372,191.25	0.56
2005 Total	Information Systems	4,800.49	158,093.49	370,900.85	528,994.34	2.31
2005 Total	Operations	4,765.65	185,751.69	165,527.25	351,278.94	2.29
2005 Total	Rates & Revenue	544.37	21,390.75	48,116.01	69,506.76	0.26
2005 Total	Risk Management	533.67	24,904.37	27,780.05	52,684.42	0.26
2005 Total	Water Quality	3,583.36	105,635.58	102,464.13	208,099.71	1.72
2005 Total	Customer Service	26,850.65	404,923.02	445,723.48	850,646.50	12.91
		57,952.28	**1,611,825.54**	**2,810,876.18**	**4,422,701.72**	**27.86**

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: **Michael A. Miller/John Watson**

Other Participating Employees: **None**

Question:

44. Please provide all ***Documents*** that constitute, relate to, or refer to the terms of any contracts (including all attachments and amendments thereto) in effect at any time since January 1, 2006 between ***TAWC*** and ***AWWC, AWWSC, AWR, AWCC,*** or any subsidiary or affiliate of any of them.

Response:

The Company objects to this question on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably likely to lead to the discovery of admissible evidence. Without waiving these objections see the attached document labeled as TN-COC-01-Q44-ATTACHMENT that includes the current contracts between TAWC and AWWSC, AWCC and AWE. The current contract for third party billing of charges related to AWR was provided in the response to TN-COC-01-Q39.

REC'D TN. PUBLIC
SERVICE COMM.
1987 SEP 23 PM 3:03
OFFICE OF THE
EXEC.

AGREEMENT

Agreement dated January 1, 1989, between AMERICAN WATER WORKS SERVICE COMPANY, INC., a Delaware corporation (hereinafter "Service Company"), and TENNESSEE-AMERICAN WATER COMPANY, a Tennessee corporation (hereinafter "Water Company").

The background of this Agreement is that:

1. Both Service Company and Water Company are subsidiaries of American Water Works Company, Inc., a Delaware corporation (hereinafter "American").

2. Water Company has been organized for and is presently engaged in the business of providing potable water as a public utility in the State of Tennessee.

3. Service Company maintains an organization whose officers and employees are familiar with all facets of the water utility business, including the development, business and property of Water Company, and are experienced in the efficient management, financing, accounting and operation of water utility properties and the extension and improvement thereof. The officers and employees of Service Company are qualified to aid, assist and advise Water Company in its business operations through the services to be performed under this Agreement.

4. Service Company has provided administrative and operating services to Water Company for many years, the past 17 years pursuant to an agreement dated January 1,

1971. Because Water Company is of the opinion that it cannot obtain the same quality and diversification of services on a comparable economic basis elsewhere, it proposes to enter into a new agreement with Service Company more specifically defining the types of services available to it.

5. Service Company has entered or proposes to enter into agreements similar to this agreement with other affiliated water companies (hereinafter collectively "Water Companies").

6. The services to be rendered under this agreement are to be rendered by Service Company to Water Companies at their cost to Service Company, as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the Water Company and Service Company agree that:

ARTICLE 1. PERSONNEL AND SERVICES TO BE PROVIDED

1.1 During the term of this agreement and upon the terms and conditions hereinafter set forth, Service Company shall provide corporate guidance for Water Company. In addition to the guidance provided by the officers and employees of Service Company through the coordination of functional activities for all subsidiaries of American, the officers and employees of Service Company shall furnish and Water Company shall purchase from Service Company, the following services: Accounting, Administration, Communication, Corporate Secretarial, Engineering, Financial, Human Resources,

Information Systems, Operation, Rates and Revenue, Risk Management and Water Quality, together with such other services as Water Company and Service Company may agree; provided, however, that Water Company may perform the service with its own personnel or engage another company or person to provide those services on its behalf. Service Company by mutual consent may engage another Company or person to provide such services on its behalf.

1.2 Service Company shall employ qualified officers and employees and those persons shall be available for election by Water Company to serve as officers of Water Company.

1.3 Without limitation, services to be provided by the Service Company shall be rendered as follows:

A. Accounting: Service Company shall assist in the preparation and implementation of accounting methods and procedures to determine that they conform fully to the requirements, rules and regulations of governmental authorities having jurisdiction and review Water Company's monthly financial reports, annual reports and other reports to stockholders and to any governmental authorities. It shall advise and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal control for receipt and disbursement of funds, materials and supplies, and other assets. Service Company shall maintain accounting records as required by Water Company. When appropriate, Service Company shall cooperate and consult with Water Company's independent certified public accountants.

Service Company shall assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

Service Company shall prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by Water Company.

B. **Administration**: Service Company shall make qualified employees available to perform or assist in the performance of Water Company's corporate activities. Those employees shall keep themselves informed on all aspects of Water Company's operations and shall regularly visit Water Company's facilities. They shall make recommendations to Water Company for operating expenditures and for additions to and improvements of property, plant and equipment. They shall keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Service Company shall provide an internal audit staff for periodic audits of accounts, records, policies and procedures of Water Company and submit reports thereon.

C. **Communications**: Service Company shall recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials, (including press releases, brochures, audio visual presentations and speeches) plant tours, public exhibits and displays and other related services to inform the public.

D. **Corporate Secretarial**: Service Company shall maintain, in such places and manner as may be required by applicable law, documents of Water Company, such as minute books, charters, by-laws, contracts, deeds and other corporate records, and shall administer an orderly program of records retention. It shall maintain, or arrange for the maintenance of, records of stockholders of Water Company, prepare or arrange for the preparation of stock certificates, perform duties relating to the transfer of stock and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company shall review and may assist in the preparation of documents and reports required by Water Company such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. **Engineering**: Service Company shall advise, and provide engineering services to assist Water Company in planning for, operating, maintaining and constructing its facilities.

It shall conduct distribution system surveys and hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data.

It shall assist Water Company in the proper maintenance and protection of Water Company properties by periodic inspection of its structures, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company shall also include the conduct of field investigations as necessary to

obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of Water Company's source of supply, treatment plant, pumping stations, distribution system, and such other facilities as Water Company may request. Service Company shall provide a Materials Management Program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to Water Company and assist in the evaluation of new and existing products and application procedures.

F. **Financial**: Service Company shall assist in the development and implementation of financing programs for Water Company, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advise concerning arrangements for the sale of its securities; and assist in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. It shall prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company shall assist Water Company in cash management including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

Service Company shall provide assistance to Water Company in the preparation of all financial reports.

G. Human Resources: Service Company shall assist in obtaining qualified personnel for Water Company; in establishing appropriate rates of pay for those employees; and in negotiating with bargaining units representing Water Company employees. It shall carry out training programs for the development of personnel and advise and assist Water Company regarding personnel. It shall also advise and assist Water Company in regard to group employee insurance, pension and benefit plans and in the drafting or revising of those plans when required. It will keep Water Company apprised of all employment laws and develop procedures and controls to assure compliance.

H. Information Systems: Service Company shall make available to Water Company electronic data processing services. Those services shall include customer billing and accounting, preparation of financial statements and other reports including those required by Federal and State agencies.

I. Operation: Service Company shall develop and assist in the implementation of operating procedures to promote the efficient and economic operation of Water Company. Periodic operational reviews will be performed by Service Company personnel and any deviations from adopted procedures will be reported to Water Company.

J. Rates and Revenue: Service Company personnel shall make recommendations for changes in rates, rules and regulations and shall assist Water Company in the conduct of proceedings before, and in its compliance with the rulings of, regulatory bodies having jurisdiction over its operation. These personnel

shall keep abreast of economic and regulatory developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Rates and Revenue personnel shall assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by the Water Company and their respective regulatory commissions. Service Company shall also provide qualified personnel to testify on Water Company's behalf as required during any regulatory proceedings.

K. Risk Management: Service Company shall provide a Risk Management Program to review the exposures to accidental loss of the Water Company, recommend efficient methods of protection either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. It shall also supervise investigation procedures; review claims; and negotiate and assist in, and evaluate proposals for, settlement at the request of Water Company. It shall assist in the establishment of safety and security programs to avoid or minimize risk and loss.

L. Water Quality: Service Company shall assist Water Company to comply with standards of governmental agencies and establish and attain water quality objectives of the Water Company. It shall assist in providing design criteria for processes, coordinating with public agencies, developing approaches and solutions to water quality problems, and providing

technical assistance and general direction for Water Company personnel.

It shall also provide laboratory services for programmed analyses as required by drinking water regulations, and special analyses as required by Water Company.

ARTICLE II. PAYMENT FOR SERVICES

2.1 In consideration for the services to be rendered by Service Company as hereinabove provided, Water Company agrees to pay to Service Company the cost thereof determined as provided in this Article II and in Article III.

2.2 All costs of service rendered by Service Company personnel for Water Company or in common with other Water Companies shall be charged to Water Company based on actual time spent by those personnel as reflected in their daily time sheets or other mutually acceptable means of determination.

2.3 All costs of Service Company incurred in connection with services rendered by Service Company which can be identified and related exclusively to Water Company, shall be charged directly to Water Company.

2.4 All costs incurred in rendering services to Water Company in common with similar services to other Water Companies which cannot be identified and related exclusively to services rendered to a particular Water Company, shall be allocated among all Water Companies so served, or, in the case of costs incurred with respect to services rendered to a particular group of Water

Companies, among the members of such group, based on the number of customers served at the immediately preceding calendar year end.

2.5 Cost for support personnel (secretaries, clerical personnel, clerks, messengers, telephone operators, mail clerks, and other incidental support personnel of the Service Company) as well as the cost of lease payments, depreciation, utilities and other costs associated with leasing office space and equipment by Service Company shall be allocated among the Water Companies on the basis of the proportion of the aggregate cost allocated under Sections 2.3 and 2.4.

ARTICLE III. ALLOWANCE FOR OVERHEAD

3.1 In determining the cost to be assessed by Service Company for the rendering of services to Water Company as herein provided, there shall be added to the salaries of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the general overhead of Service Company, as defined below, properly allocable thereto. Such percentage shall be calculated each month and shall be the ratio of the total general overhead of the Service Company for the month to the total salaries of the employees for whose service charges are to be made to the Water Companies. No general overhead of Service Company shall be added to costs incurred for services of non-affiliated consultants employed by Service Company.

3.2 The term "general overhead" shall include:

(a) pension and insurance premiums paid for the benefit of Service Company employees,

(b) legal and other fees for services rendered to the Service Company,

(c) taxes,

(d) other general office supplies and other similar expenses, and

(e) interest on working capital.

ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Water Company for all amounts due from Water Company for services and expenses for such month plus an amount equal to the estimated cost of such services and expenses for the current month, all computed pursuant to Articles II and III. Such bill shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall reflect the credit for payments made on the estimated portion of the prior bill and shall be paid by Water Company within a reasonable time after receipt of the bill therefore.

4.2 Service Company agrees to keep its books and records available at all times for inspection by representatives of Water Company or by regulatory bodies having jurisdiction over Water Company.

4.3 Service Company shall at any time, upon request of Water Company, furnish any and all information required by Water Company with respect to the services rendered by Service Company

hereunder, the costs thereof, and the allocation of such costs among Water Companies.

ARTICLE V. OTHER AGREEMENTS

5.1 It is understood by Water Company that Service Company has entered or may enter into similar agreements with other Water Companies that are affiliated with American to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

5.2 It is understood by Water Company that Service Company has entered or may enter into an agreement or agreements with American and certain other companies not engaged in the water or sewer service business to which limited services are to be furnished; Water Company consents to such additional agreements, provided, however, that no part of the cost of furnishing such services will be charged to Water Company.

ARTICLE VI. TERM OF AGREEMENT

This agreement shall become effective as of the later of (a) the date first mentioned above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction in the premises. Upon becoming effective, this agreement shall be the sole agreement between the parties concerning the subject matter hereof and shall supersede all prior agreements, written or oral, including the agreement dated January 1, 1971, which shall terminate on the date this

agreement becomes effective. This agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto ninety day's notice in writing; provided, however, that this agreement shall terminate as of the date Water Company or Service Company ceases to be an affiliate of American.

IN WITNESS WHEREOF, Service Company and Water Company have caused this agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, and impressed with their respective corporate seals attested by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

ATTEST:

AMERICAN WATER WORKS SERVICE COMPANY, INC.

By _____
President

ATTEST:

Stephen N. Chambers

TENNESSEE-AMERICAN WATER COMPANY

By _____
President

FINANCIAL SERVICES AGREEMENT

THIS AGREEMENT, dated as of June 15, 2000, by and between Tennessee-American Water Company (the "Company") and American Water Capital Corp. ("AWCC").

BACKGROUND

The Company currently performs its own financial services.

However, the Company has determined that it can obtain these services more efficiently through the consolidation of certain necessary management and staff functions with those performed for other entities that may enter into agreement with AWCC substantially similar to this one ("Co-Participants").

AWCC is dedicated to performing such consolidated functions.

Accordingly, the parties have determined to enter into this Agreement for the provision of financial services by AWCC to the Company and for the proper determination and allocation of the costs of providing such services.

Therefore, the parties agree as follows:

AGREEMENT

1. Services. AWCC will provide, either directly or through arrangements with third parties for the benefit of the Company, such financial services as the Company and AWCC may from time to time agree, including but not limited to those more fully described in Appendix I attached to this Agreement.

2. Costs. In consideration of the provision of the services contemplated by paragraph 1, the Company agrees to pay AWCC a portion of the costs and appropriate overhead incurred by AWCC in providing those services, as follows. The costs incurred by AWCC in connection with its bank credit lines and short-term public borrowings will be divided among the Co-Participants in proportion to the maximum principal amount that each Co-Participant requests be made available to it during the course of a year. The costs incurred by AWCC in connection with each long-term borrowing by AWCC will be divided among each Co-Participant in proportion to the principal amount of that borrowing that is loaned to that Co-Participant. AWCC's overhead will be allocated among the Co-Participants in the same proportion as each Co-Participant's long-term and maximum, requested short-term borrowings and investments in a calendar year bear to all of the long and maximum short-term borrowings and investments by all Co-Participants during the same year.

3. Statements. AWCC will prepare and deliver to the Company monthly statements of the services provided by AWCC and amounts payable to AWCC, giving effect to

all the provisions of this Agreement. The Company shall pay the net amount shown on its statement within thirty (30) days after the billing date.

4. Inspection. Upon reasonable notice, AWCC will make available to the Company for its inspection AWCC's books, records, bills, accounts and any other documents which describe or support the costs allocated to the Company under this Agreement.

5. Obligations Not Joint. AWCC and the Company expressly agree: (a) that the obligations of the Company and each Co-Participant to AWCC are several and not joint; (b) that the Company will not be responsible to any Co-Participant, to AWCC or to any assignee or creditor of AWCC for any payment in excess of payments due by the Company to AWCC under this Agreement or a Note in the form attached to this Agreement; and (c) that no Co-Participant will be responsible to the Company, to any other Co-Participant, to AWCC or to any assignee or creditor of AWCC for any payment in excess of payments due by that Co-Participant to AWCC under any agreement substantially similar to this Agreement or under any Note attached to that other agreement. AWCC covenants and agrees that it will require, as a condition to its entering into any such other agreement with a Co-Participant, that such other agreement contains the same provision as that contained in the immediately preceding sentence.

6. Notes. The Company's borrowings under this Agreement will be evidenced by one or more promissory notes in the form of Exhibit A or Exhibit B attached to this Agreement.

7. Non-Exclusivity. Nothing in this Agreement prohibits or restricts the Company from borrowing from third parties, or obtaining services described in this Agreement from third parties, whenever and on whatever terms it deems appropriate.

8. Effectiveness. This Agreement shall be effective as of June 15, 2000, provided that, if prior approval by the regulatory commission of any jurisdiction is required before this Agreement may become effective as to the Company, or before AWCC may provide a particular service hereunder to the Company, this Agreement shall not be effective as to the Company or as to that service, as the case may be, unless and until the required approval has been obtained. Unless and until this Agreement becomes effective as to the Company in whole or in part, the Company shall not be entitled to the benefits of, nor shall it have any rights or duties under, this Agreement. This Agreement may be amended or rescinded only by written instrument signed by the Company and AWCC.

9. Termination. The Company may terminate its participation in this Agreement by giving ten (10) days prior written notice of such termination to AWCC; and (b) AWCC may terminate this Agreement by giving ninety (90) days prior written notice of such termination to the Company. Termination of this Agreement will not affect: (a) the Company's obligations under any Promissory Notes; (b) any party's obligations with respect to any amounts owing under Sections 2 and 3 of this Agreement (including such amounts attributable to obligations of any terminating party under any Promissory Notes that remain outstanding after this Agreement is terminated as to that party); or (c) AWCC's obligations to repay any investments made by a Company pursuant to Appendix I.

10. Copies. This Agreement may be executed by the parties in one or more copies and each executed copy shall be considered an original.

In witness of the foregoing, each of the Company and AWCC has caused its respective corporate seal to be affixed to this Agreement and has caused this Agreement to be signed on its behalf by its duly authorized officers.

ATTEST:

By: _____
Herbert A. Miller, Jr.
Secretary

TENNESSEE-AMERICAN WATER COMPANY

By: _____
William F. L'Ecuyer
President

ATTEST:

By: _____
Title: W. Timothy Pohl
Vice President and Secretary

AMERICAN WATER CAPITAL CORP.

By: _____
Name and Title: Joseph F. Hartnett, Jr.
Vice President and Treasurer

APPENDIX I

DESCRIPTION OF FINANCIAL SERVICES

Set forth below is a list of the services which AWCC agrees to provide to the Company upon its request pursuant to the Agreement to which this Appendix is attached.

1. Short-Term Loans. AWCC will provide Short-Term Loans to the Company pursuant to the terms set forth in the promissory notes to be issued by the Company to AWCC, each substantially in the form attached to this Agreement as Exhibit A.

2. Long-Term Borrowings. AWCC will provide loans other than Short-Term Loans to the Company pursuant to the terms set forth in the promissory notes to be issued by the Company to AWCC, each substantially in the form attached hereto as Exhibit B.

3. Cash Management. Cash not required by the Company to pay its daily disbursements or to pay when due the principal of and interest on, the Company's borrowings from AWCC other than Short-Term Loans will be used by AWCC first to reduce the outstanding principal balance of the Company's Short-Term Loans owing to AWCC and any excess will be deemed to be invested with AWCC and will earn a daily rate of interest that is equal to the interest income earned by AWCC on those funds. Upon the request of that Company, AWCC shall execute one or more promissory notes in favor of the Company, in form and substance substantially similar to the Promissory Note attached as Exhibit A to the Agreement as evidence of such investment.

EXHIBIT A
PROMISSORY NOTE
FOR SHORT-TERM LOANS

$_____ _____, 2000

FOR VALUE RECEIVED, [NAME OF COMPANY], a _____ corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of _____ dollars ($_____) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of

Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waivers presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

[BORROWER]

By:_____
Name and Title:

EXHIBIT B
PROMISSORY NOTE
FOR LONG-TERM BORROWINGS

$_____ _____, 2000

FOR VALUE RECEIVED, [NAME OF COMPANY], a _____ corporation (herein "Borrower") hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at _____ or such other place as Lender may from time to time designate, the principal sum of _____ dollars ($_____), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waivers presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

[BORROWER]

By:_____
Name and Title:

GAC LEASE AGREEMENT

CHATTANOOGA, TENNESSEE

This AGREEMENT made this 26th day of July, 2000, between American Water Resources, Inc.: (dba American Carbon Services) a Virginia corporation, having its principal office at 1025 Laurel Oak Road, Voorhees, New Jersey (hereinafter "ACS"); and Tennessee- American Water Company, a Tennessee corporation, having its principal office in Chattanooga, Tennessee (hereinafter "Tennessee");

WHEREAS, ACS provides custom Granular Activated Carbon ("GAC") and carbon reactivation services to the potable water industry; and

WHEREAS, Tennessee has a need for GAC for the purpose of Taste & Odor, ("T&O") control at its Chattanooga, Tennessee water plant; and

WHEREAS ACS is willing to provide GAC to Tennessee on a lease basis; and

WHEREAS, Tennessee desires to contract with ACS to provide for all GAC that Tennessee will contract for in 2000, 2001 and 2002.

NOW THEREFORE, in consideration of the mutual promises contained herein, Tennessee and ACS agree as follows:

A. SERVICES

1. ACS will pick up spent GAC requiring reactivation from the filters during the fourth quarters of 2000, 2001 and 2002 in accordance with Exhibit C, hereto, and transport the spent GAC to the GAC reactivation plant in Columbus, Ohio during the initial term of this contract on a schedule agreed to by the parties. ACS will provide all equipment and labor to operate the equipment for the

removal and replacement of all GAC at the Chattanooga, Tennessee water plant. Equipment shall include, but not be limited to eductors, transfer hose, booster pump and all-miscellaneous fittings and connections to permit the filter media removal.

2. ACS will reactivate all spent GAC and will return all reactivated GAC meeting the quality control specifications, set forth in Exhibit A, hereto. At the time of delivery of the GAC, ACS will provide Quality Control Data, i.e., Certificate of Analysis for each truckload of GAC. ACS will provide all virgin carbon required for make up returning to Tennessee the required volume fill for each filter. Tennessee acknowledges that ACS has title to and is the owner of all GAC supplied by ACS under this Agreement. Tennessee may not remove the GAC from the filters or cause the GAC to be removed except for emergency maintenance in accordance with the terms of this Agreement.

3. ACS will perform testing on all carbon supplied under this Agreement every six months. The first testing shall occur during the month of May 2001. The testing shall include Iodine Number, Apparent Density, Abrasion Number, Total Ash and Screen Analysis.

4. After the GAC has been in the filter for thirty-six (36) months, Tennessee may, during the terms of this Agreement; elect to (a) have ACS reactivate the GAC in accordance with paragraphs B.1, B.2, B.3 or B.4. of this Agreement, (b) have ACS remove the GAC in accordance with paragraph B.5. below, or (c) maintain the GAC in service for a period not to exceed six (6) months in accordance with paragraph B.5.

5. Tennessee will provide the necessary water, electricity and suitable drainage to accomplish the transfer of all carbon into and out of Tennessee's filters.

B. CONSIDERATION

1. Tennessee shall pay ACS for the services provided under clauses 1 through 3 of

Section A, a monthly fee of $1,280.00 per Aldrich filters #1, and #3, and $561.00 per convention filters #13 - #20, beginning on the first day of the month following installation of GAC in the filters in 2000 and each month thereafter for thirty-five (35) months.

2. Tennessee will pay to ACS for the services provided under clauses 1 through 3 of Section A, a monthly fee of $805.00 per conventional filters #7 – #12, beginning on the first day of the month following installation of the GAC in the filters in 2000 and each month thereafter for twenty-three (23) months.

3. Tennessee will pay to ACS for the services provided under Clauses 1 through 3 of Section A, a monthly fee of $1,333.00 per Aldrich filters #4, #6 and #8 and $584.00 per convention filters #1 - #6, beginning on the first day of the month following installation of GAC in the filters in 2001 and each month thereafter for thirty-five (35) months.

4. Tennessee will pay to ACS for the services provided under Clauses 1 through 3 of Section A, a monthly fee of $1,386.00 per Aldrich filters #2, #5, and #7, and $616.00 per conventional filters #7 -#12 beginning on the first day of the month following installation of GAC in the filters in 2002 and each month thereafter for thirty-five (35) months.

5. In the event that Tennessee elects to maintain the GAC in service beyond the normal thirty-six (36) month warranty period, Tennessee shall pay ACS a monthly fee of one-half of the applicable monthly fee shown in Section B.1, B.2, or B.4 per filter for all months beyond thirty-six (36) that the GAC is in service. In the event that Tennessee elects to maintain the GAC in service beyond twenty-four (24) month warranty period, Tennessee shall pay ACS a monthly fee of one-half of the applicable monthly fee shown in Section B.2 per filter for all months beyond twenty-four (24) that the GAC is in service.

6. In the event that Tennessee elects to terminate this Agreement as provided in Section D below, not enter into a renewal agreement or otherwise have the GAC removed from the filters, ACS will provide the services in Section A.4 and Tennessee will pay ACS for the actual cost of such services. The payment shall be due in thirty (30) days after the invoice date.

C. WARRANTY

1. ACS warrants that the GAC supplied under this Agreement under Sections B.1, B.3 and B.4 will, for a period of thirty-six (36) months after installation, provide acceptable T&O control as detailed in Exhibit B, hereto, as well as meet all state criteria regarding filter media specifications. ACS warrants that the GAC supplied under this Agreement under Section B.2 will, for a period of twenty-four (24) months after installation provide acceptable T&O control as detailed in Exhibit B, hereto, as well as meet all state criteria regarding filter media specifications.

D. TERM

1. The initial term of this Agreement shall begin upon installation of GAC filters in the fourth quarter of 2000 as shown in Exhibit C, hereto, and continue for a period of sixty (60) months. At the end of the initial term, this Agreement shall be automatically extended on a month-to-month basis unless and until Tennessee provides not less than thirty (30) days prior written notice to ACS of termination, provided, however, that any such extension shall not extend the warranty of any GAC covered under Section C beyond thirty-six (36) months after installation.

E. FORCE MAJEURE

Either party hereto shall be excused to the extent that its performance is prevented by any circumstance reasonably beyond its control, including, but not limited to, fire,

explosion, strike, labor dispute, war, act of God, riot, or action of any governmental authority.

F. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the state of Tennessee without giving effect to conflict of law principles.

G. NOTICES

All notices required under this Agreement shall be given by Certified Mail, Return Receipt Requested and shall be deemed made when deposited in the U.S. Mails properly addressed, with postage prepaid, as follows:

American Water Resources, Inc.
1025 Laurel Oak Road
P.O. Box 1770
Voorhees, NJ 08043
Attn: Ray Lee, President

Tennessee-American Water Company
1101 Broad Street
Chattanooga, TN 37402
Attn: William F. L'Ecuyer, President

H. TAXES

The fees provided for in this Agreement to be paid by Tennessee do not include any taxes or other assessments. Tennessee agrees to pay all taxes or assessments imposed on the services to be provided by ACS except penalties and fines on civil or criminal judgements or settlements arising from a regulatory, administrative, legal or judicial action.

I. MISCELLANEOUS

1. This Agreement shall not be assignable by either party without the written consent of the other party, which consent shall not unreasonably be withheld. Any assignees shall assume all the

obligations of this Agreement and the assignor shall not be relived of its obligations under this Agreement by reason of an assignment.

2. This Agreement constitutes the entire Agreement between the parties. All previous representations relative hereto, either written or oral, are hereby annulled and superseded. No modifications shall be binding on either party unless it shall be in writing and signed by an authorized officer of both parties.

3. Any waiver by either party of any provision or condition of this Agreement shall not be construed or deemed to be a waiver of any other provisions or conditions of this Agreement nor a waiver of a subsequent breach of the same provision or condition unless such waiver be so expressed in writing and signed by the party to be bound.

4. If any provision contained herein is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provisions did not exist and the unenforceability of such provision shall not be held to render any other provision of this Agreement unenforceable.

5. ACS hereby agrees to indemnify, defend and save harmless Tennessee against any and all liability, loss, damage, costs or expense which Tennessee may incur, suffer or be required to pay by any release of hazardous materials, hazardous wastes or hazardous substances, which release arises out of or occurs in connection with the acts of transportation, handling, treatment, storage, disposal or other activity in connection with the GAC which is the subject hereof for any cause of action whatsoever nature arising from or as a result of ACS's failure to perform in accordance with this Agreement or ACS's violation of any Federal, State or local laws or regulations in its performance under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

ACCEPTED AND AGREED:
TENNESSE-AMERICAN
WATER COMPANY

By: _____
William F. L'Ecuyer

Title: President

Date: _____

ACCEPTED AND AGREED:
AMERICAN WATER RESOURCES, INC.

By: _____
Ray Lee

Title: President

Date: July 26, 2002

EXHIBIT A

GRANULAR ACTIVATED CARBON PROPERTIES

Iodine Number	800 minimum
Density	28-30 lb/cubic ft.
Effective Size	0.8-1.0 mm
Uniformity Coefficient	2.1 maximum
Moisture	2% maximum
Abrasion Number	75 minimum
Typical Mesh Size	8 X 30 mm

EXHIBIT B

WARRANTY

ACS warrants that under normal conditions, the GAC provided under this Agreement shall perform the function of adsorption of dissolved organics which contribute to taste and odors during the life of the warranty. For purposes of warranty, effective T&O control is defined as the reduction of adsorbable dissolved odors such that the threshold order number of the GAC filtered water as measured by the procedure defined in "Standard Methods for the Examination of Water and Wastewater", 20th Edition, shall not persistently exceed two (2) in the GAC filtered plant effluent for four (4) consecutive days with the treatment plant in normal operation. The warranty will begin on the date of installation of the GAC and continue for thirty-six (36) months thereafter. The warranty is contingent on the following:

A. If the concentration of organics in the raw water supply should greatly exceed general background levels, as in the case of an accidental industrial discharge, chemical spill or other adversity, it may be necessary for Tennessee to initiate emergency procedures such as a complete bypass of contaminated water during the course of abnormal conditions. If emergency measures are not taken immediately to prevent the GAC from being exposed to excessive levels of organic contaminants the warranty will be voided.

B. Normal treatment of the water prior to GAC filtration shall continue to be practiced. This includes suitable disinfection, coagulation and clarification of the raw water and stabilization of the clarified water before GAC filtration.

C. Average and maximum filtration rates will not exceed 6.1 and 9.2 gallons per minute per square foot, respectively.

D. The GAC shall be maintained by Tennessee in the filters with the exception of a possible loss of up to one (1) inch of GAC bed depth per year due to attrition. If losses should exceed one (1) inch of bed depth in any filter during any one-(1) year of operation, the excess GAC loss will be replaced. Tennessee shall pay ACS for any such replacement of GAC.

E. The water plant filters shall be maintained in good operating condition and in accordance with accepted industry practice. If the GAC fails to perform due to encrustation inorganic precipitates, this shall not be considered to be a breach of the warranty and Tennessee shall bear the cost of cleaning the GAC to restore performance, in accordance with procedures provided by ACS. Should the GAC during the warranty period fail to perform in accordance with the warranty. ACS shall, at its sole option, either reactivate or replace all or part of the GAC to restore

its capability to meet the warranty. All cost to bring the GAC back into compliance with the terms of this warranty shall be for the account of ACS.

EXCEPT AS SET FORTH IN THIS EXHIBIT B, ACS MAKES NO WARRANTY EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE GAC OR THE SERVICES TO BE PROVIDED UNDER THIS AGREEMENT. ACS SHALL HAVE NO LIABILITY FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF A BREACH OF THIS WARRANTY. TENNESSE'S SOLE REMEDY FOR ANY BREACH OF THIS WARRANTY SHALL BE TO REQUIRE ACS TO EITHER REACTIVATE OR REPLACE CARBON AS PROVIDED ABOVE.

EXHIBIT C

Year	Filters	GAC per Filter (cu. ft.)	Total GAC (cu. ft.)
Nov./Dec. 2000	Aldrich #1 & #3 Conv. Filters 7-12 Conv. Filters 13-20	1,844 cubic ft. 807.3 cubic ft. 807.3 cubic ft.	3,688 cubic ft. 4,843 cubic ft 6,458 cubic ft.
Nov./Dec. 2001	Aldrich #4, #6, & #8 Conv, Filters 1-6	1,844 cubic ft. 807.3 cubic ft.	5,532 cubic ft. 4,843 cubic ft.
Nov./Dec. 2002	Aldrich #2, #5, & #7 Conv. Filters 7-12	1,844 cubic ft. 807.3 cubic ft.	5,532 cubic ft. 4,843 cubic ft

S: Carbon Chattanooga, TN

CHATTANOOGA, TN LEASE 2000

Price (virgin/react blend)	= $0.73/lb.
Amount	= 304,392 lbs.
Term	= 36 months (Aldrich #1 and #3, Filters #13 - #20)
Interest Rate	= 4½ % per year (lease)
Total Amount	= $0.73/lb. X 304,392 lbs. = $222,207.00
Total Amount with interest	= $253,575.00
Monthly lease payment	= $253,575.00 ÷ 36 months = $7,044.00

Amount	= 145,314 lbs.
Term	= 36 months (Filters #7 - #12)
Interest Rate	= 4½ % per year (lease)
Total Amount	= $0.73 /lb. X 145,314 lbs. = $106,079.00
Total Amount with interest	= $115,841.00
Monthly lease payment	= $115,841.00 ÷ 24 months = $4,827.00

CHATTANOOGA, TN LEASE 2001

Price (react blend)	= $0.76/lb.
Amount	= 311,274 lbs.
Term	= 36 months (Aldrich #4, #6, and #8, Filters #1 - #6)
Interest Rate	= 4½ % per year (lease)
Total Amount	= $0.76/lb. X 311,274 lbs. = $236,568.00
Total Amount with interest	= $269,963.00
Monthly lease payment	= $269,963.00 ÷ 36 months = $7,499.00

CHATTANOOGA, TN LEASE 2002

Price (react blend)	= $0.79/lb.
Amount	= 311,274 lbs.
Term	= 36 months (Aldrich #2, #5, and #7, Filters #7 - #12)
Interest Rate	= 5 % per year (lease)
Total Amount	= $0.79/lb. X 311,274 lbs. = $236,568.00
Total Amount with interest	= $273,857.00
Monthly lease payment	= $273,857.00 ÷ 36 months = $7,607.00

S: Carbon.Chattanooga, TN

GAC LEASE AGREEMENT

CHATTANOOGA, TENNESSEE

This AGREEMENT made this _____day of_____, 2003, between American Water Resources, Inc., a Virginia corporation, having its principal office at 1025 Laurel Oak Road, Voorhees, New Jersey (hereinafter "ACS"); and Tennessee- American Water Company, a Tennessee corporation, having its principal office in Chattanooga, Tennessee (hereinafter "Tennessee");

WHEREAS, ACS provides custom Granular Activated Carbon ("GAC") and carbon reactivation services to the potable water industry; and

WHEREAS, Tennessee has a need for GAC for the purpose of Taste & Odor, ("T&O") control at its Chattanooga, Tennessee water plant; and

WHEREAS ACS is willing to provide GAC to Tennessee on a lease basis; and

WHEREAS, Tennessee desires to contract with ACS to provide for all GAC that Tennessee will contract for in 2004, 2005 and 2006.

NOW THEREFORE, in consideration of the mutual promises contained herein, Tennessee and ACS agree as follows:

A. SERVICES

1. ACS will pick up spent GAC requiring reactivation from the filters during the fourth quarters of 2003, 2004 and 2005 in accordance with Exhibit C, hereto, and transport the spent GAC to the GAC reactivation plant in Columbus, Ohio during the initial term of this contract on a schedule agreed to by the parties. ACS will provide all equipment and labor to operate the equipment for the removal and replacement of all GAC at the Chattanooga,

Tennessee water plant. Equipment shall include, but not be limited to eductors, transfer hose, booster pump and all-miscellaneous fittings and connections to permit the filter media removal.

2. ACS will reactivate all spent GAC and will return all reactivated GAC meeting the quality control specifications, set forth in Exhibit A, hereto. At the time of delivery of the GAC, ACS will provide Quality Control Data, i.e., Certificate of Analysis for each truckload of GAC. ACS will provide all virgin carbon required for make up returning to Tennessee the required volume fill for each filter. Tennessee acknowledges that ACS has title to and is the owner of all GAC supplied by ACS under this Agreement. Tennessee may not remove the GAC from the filters or cause the GAC to be removed except for emergency maintenance in accordance with the terms of this Agreement.

3. ACS will perform testing on all carbon supplied under this Agreement every six months. The first testing shall occur during the month of May 2004. The testing shall include Iodine Number, Apparent Density, Abrasion Number, Total Ash and Screen Analysis.

4. After the GAC has been in the filter for thirty-six (36) months, Tennessee may, during the terms of this Agreement; elect to (a) have ACS reactivate the GAC in accordance with paragraphs B.1, B.2, B.3 or B.4. of this Agreement, (b) have ACS remove the GAC in accordance with paragraph B.5. below or (c) maintain the GAC in service for a period not to exceed one (1) year in accordance with paragraph B.5.

5. Tennessee will provide the necessary water, electricity and suitable drainage to accomplish the transfer of all GAC into and out of Tennessee's filters.

B. CONSIDERATION

1. Tennessee shall pay ACS for the services provided under clauses 1 through

3 of Section A, a monthly fee of $1,297.46 per Aldrich filters #1, and #3, and $568.03 per conventional filters #13 - #20, beginning on the first day of January following installation of GAC in the filters in 2003 and each month thereafter for thirty-five (35) months.

2. Tennessee will pay to ACS for the services provided under Clauses 1 through 3 of Section A, a monthly fee of $1,342.53 per Aldrich filters #4, #6 and #8 and $587.76 per convention filters #1 - #6, beginning on the first day of January following installation of GAC in the filters in 2004 and each month thereafter for thirty-five (35) months.

3. Tennessee will pay to ACS for the services provided under Clauses 1 through 3 of Section A, a monthly fee of $1,376.85 per Aldrich filters #2, #5, and #7, and $602.78 per conventional filters #7 -#12 beginning on the first day of January following installation of GAC in the filters in 2005 and each month thereafter for thirty-five (35) months.

4. In the event that Tennessee elects to maintain the GAC in service beyond the normal thirty-six (36) month warranty period, Tennessee shall pay ACS a monthly fee of one-half of the applicable monthly fee shown in Section B.1, B.2, or B.4 per filter for all months beyond thirty-six (36) that the GAC is in service.

5. If Tennessee elects to terminate this Agreement as provided in Section D below, not enter into a renewal agreement or otherwise have the GAC removed from the filters, ACS will provide the services in Section A.4 and Tennessee will pay ACS for the actual cost of such services. The payment shall be due in thirty (30) days after the invoice date.

C. WARRANTY

1. ACS warrants that the GAC supplied under this Agreement under Sections B.1, B.3 and B.4 will, for a period of thirty-six (36) months after installation, provide acceptable T&O control as detailed in Exhibit B, hereto, as well as meet all state criteria regarding filter media specifications.

D. TERM

1. The initial term of this Agreement shall begin upon installation of GAC filters in the fourth quarter of 2003 as shown in Exhibit C, hereto, and continue for a period of sixty (60) months. At the end of the initial term, this Agreement shall be automatically extended on a month-to-month basis unless and until Tennessee provides not less than thirty (30) days prior written notice to ACS of termination, provided, however, that any such extension shall not extend the warranty of any GAC covered under Section C beyond thirty-six (36) months after installation.

E. FORCE MAJEURE

Either party hereto shall be excused to the extent that its performance is prevented by any circumstance reasonably beyond its control, including, but not limited to, fire, explosion, strike, labor dispute, war, act of God, riot, or action of any governmental authority.

F. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the state of Tennessee without giving effect to conflict of law principles.

G. NOTICES

All notices required under this Agreement shall be given by Certified Mail, Return Receipt Requested and shall be deemed made when deposited in the U.S. Mails properly addressed, with postage prepaid, as follows:

American Water Resources, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043
Attn: President

Tennessee-American Water Company
1101 Broad Street
Chattanooga, TN 37402
Attn: President

H. TAXES

The fees provided for in this Agreement to be paid by Tennessee do not include any taxes or other assessments. Tennessee agrees to pay all taxes or assessments imposed on the services to be provided by ACS except penalties and fines on civil or criminal judgments or settlements arising from a regulatory, administrative, legal or judicial action.

I. MISCELLANEOUS

1. This Agreement shall not be assignable by either party without the written consent of the other party, which consent shall not unreasonably be withheld. Any assignees shall assume all the obligations of this Agreement and the assignor shall not be relived of its obligations under this Agreement by reason of an assignment.

2. This Agreement constitutes the entire Agreement between the parties. All

previous representations relative hereto, either written or oral, are hereby annulled and superseded. No modifications shall be binding on either party unless it shall be in writing and signed by an authorized officer of both parties.

3. Any waiver by either party of any provision or condition of this Agreement shall not be construed or deemed to be a waiver of any other provisions or conditions of this Agreement nor a waiver of a subsequent breach of the same provision or condition unless such waiver be so expressed in writing and signed by the party to be bound.

4. If any provision contained herein is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provisions did not exist and the unenforceability of such provision shall not be held to render any other provision of this Agreement unenforceable.

5. ACS hereby agrees to indemnify, defend and save harmless Tennessee against any and all liability, loss, damage, costs or expense which Tennessee may incur, suffer or be required to pay by any release of hazardous materials, hazardous wastes or hazardous substances, which release arises out of or occurs in connection with the acts of transportation, handling, treatment, storage, disposal or other activity in connection with the GAC which is the subject hereof for any cause of action whatsoever nature arising from or as a result of ACS's failure to perform in accordance with this Agreement or ACS's violation of any Federal, State or local laws or regulations in its performance under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

ACCEPTED AND AGREED:
TENNESSE-AMERICAN
WATER COMPANY

By: _____

Title: President

Date: _____

ACCEPTED AND AGREED:
AMERICAN WATER RESOURCES, INC.

By: _____

Title: President

Date: _____

EXHIBIT A

GRANULAR ACTIVATED CARBON PROPERTIES

Iodine Number	800 minimum
Density	28-30 lb/cubic ft.
Effective Size	0.8-1.0 mm
Uniformity Coefficient	2.1 maximum
Moisture	2% maximum
Abrasion Number	75 minimum
Typical Mesh Size	8 X 30 mm

EXHIBIT B

WARRANTY

ACS warrants that under normal conditions, the GAC provided under this Agreement shall perform the function of adsorption of dissolved organics, which contribute to taste and odors during the life of the warranty. For purposes of warranty, effective T&O control is defined as the reduction of adsorbable dissolved odors such that the threshold order number of the GAC filtered water as measured by the procedure defined in "Standard Methods for the Examination of Water and Wastewater", 20th Edition, shall not persistently exceed two (2) in the GAC filtered plant effluent for four (4) consecutive days with the treatment plant in normal operation. The warranty will begin on the date of installation of the GAC and continue for thirty-six (36) months thereafter. The warranty is contingent on the following:

A. If the concentration of organics in the raw water supply should greatly exceed general background levels, as in the case of an accidental industrial discharge, chemical spill or other adversity, it may be necessary for Tennessee to initiate emergency procedures such as a complete bypass of contaminated water during the course of abnormal conditions. If emergency measures are not taken immediately to prevent the GAC from being exposed to excessive levels of organic contaminants the warranty will be voided.

B. Normal treatment of the water prior to GAC filtration shall continue to be practiced. This includes suitable disinfection, coagulation and clarification of the raw water and stabilization of the clarified water before GAC filtration.

C. Average and maximum filtration rates will not exceed 6.1 and 9.2 gallons per minute per square foot, respectively.

D. The GAC shall be maintained by Tennessee in the filters with the exception of a possible loss of up to one (1) inch of GAC bed depth per year due to attrition. If losses should exceed one (1) inch of bed depth in any filter during any one- (1) year of operation, the excess GAC loss will be replaced. Tennessee shall pay ACS for any such replacement of GAC.

E. The water plant filters shall be maintained in good operating condition and in accordance with accepted industry practice. If the GAC fails to perform due to encrustation inorganic precipitates, this shall not be considered to be a breach of the warranty and Tennessee shall bear the cost of cleaning the GAC to restore performance, in accordance with procedures provided by ACS. Should the GAC during the warranty period fail to perform in accordance with the warranty, ACS shall, at its sole option, either reactivate

or replace all or part of the GAC to restore its capability to meet the warranty. All cost to bring the GAC back into compliance with the terms of this warranty shall be for the account of ACS.

EXCEPT AS SET FORTH IN THIS EXHIBIT B, ACS MAKES NO WARRANTY EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE GAC OR THE SERVICES TO BE PROVIDED UNDER THIS AGREEMENT. ACS SHALL HAVE NO LIABILITY FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF A BREACH OF THIS WARRANTY. TENNESSE'S SOLE REMEDY FOR ANY BREACH OF THIS WARRANTY SHALL BE TO REQUIRE ACS TO EITHER REACTIVATE OR REPLACE CARBON AS PROVIDED ABOVE.

EXHIBIT C

Year	Filters	GAC per Filter (cu. ft.)	Total GAC (cu. ft.)
Nov./Dec. 2003	Aldrich #1 & #3 Conv. Filters 13-20	1,844 cubic ft. 807.3 cubic ft.	3,688 cubic ft. 6,458 cubic ft.
Nov./Dec. 2004	Aldrich #4, #6, & #8 Conv, Filters 1-6	1,844 cubic ft. 807.3 cubic ft.	5,532 cubic ft. 4,843 cubic ft.
Nov./Dec. 2005	Aldrich #2, #5, & #7 Conv. Filters 7-12	1,844 cubic ft. 807.3 cubic ft.	5,532 cubic ft. 4,843 cubic ft

CHATTANOOGA, TN LEASE 2004

Price (virgin/react blend)	= $0.76/lb.
Amount	= 304,392 lbs.
Term	= 36 months (Aldrich #1 and #3, Filters #13 - #20)
Interest Rate	= 7½ % per year (lease)
Total Amount	= $0.76/lb. X 304,392 lbs. = $231,337.92
Total Amount with interest	= $259,057.72
Monthly Lease payment	= $7,196.05
	$25.53 per cubic foot

CHATTANOOGA, TN LEASE 2005

Price (react blend)	= $0.78/lb.
Amount	= 311,274 lbs.
Term	= 36 months (Aldrich #4, #6, and #8, Filters #1 - #6)
Interest Rate	=7½ % per year (lease)
Total Amount	= $0.78/lb. X 311,274 lbs. = $242,793.72
Total Amount with interest	= $271,886.20
Monthly lease payment	= $271,886.20 ÷ 36 months = $7552.39
	$26.21 per cubic foot

CHATTANOOGA, TN LEASE 2006

Price (react blend)	= $0.80/lb.
Amount	= 311,274 lbs.
Term	= 36 months (Aldrich #2, #5, and #7, Filters #7 - #12)
Interest Rate	= 7.5 % per year (lease)
Total Amount	= $0.80/lb. X 311,274 lbs. = $249,019.20
Total Amount with interest	= $278,857.64
Monthly lease payment	= $278,857.64 ÷ 36 months = $7,746.05
	$26.88 per cubic foot

REACTIVATED GAC SALE AGREEMENT
2009

THIS REACTIVATED GAC SALE AGREEMENT ("Agreement") is agreed to as of the 3rd day of February, 2009 ("Effective Date"), by and between AAET, L.P., a Delaware limited partnership, having its principal office at 1025 Laurel Oak Road, Voorhees, New Jersey 08043 (hereinafter, "ACS") and Tennessee-American Water Company, a Tennessee corporation, having its principal office at 1101 Broad Street, Chattanooga, Tennessee 37402 (hereinafter, "TAWC").

RECITALS

WHEREAS, TAWC owns and operates a water treatment plant in Chattanooga, Tennessee ("Plant"), which treats water for the purpose of taste and odor ("T&O") control using, among other things, Granular Activated Carbon ("GAC") media; and

WHEREAS, ACS owns and operates, and also contracts the use of, GAC custom reactivation facilities (collectively, "Facility"), which reactivate GAC to be used, among other things, by treatment plants in the potable water industry; and

WHEREAS, ACS leased certain GAC media to TAWC under a separate agreement, for the use in Aldrich Unit #3 and Aldrich Unit #4 (each, a "Filter" and collectively, "Filters") located in the Plant; and

WHEREAS, the GAC located in the Filters has reached the end of its useful life and requires reactivation; and

WHEREAS, TAWC and ACS have agreed that ACS would remove the leased GAC media used in the Filters and reactivate it at ACS's Facility ("Reactivated GAC"); and

WHEREAS, TAWC wishes ACS to replace the Reactivated GAC in the Filters, at which time TAWC will purchase the Reactivated GAC from ACS; and

WHEREAS, ACS has agreed to replace the Reactivated GAC in the Filters and sell the Reactivated GAC to TAWC.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

A. Services/Transfer of Ownership

1. Following the Effective Date of this Agreement, ACS will install the Reactivated GAC in the Filters, ensuring that it meets the requirements set forth in Section K., below. Once installed, TAWC will assume ownership of and title to the Reactivated GAC.

B. Term

1. The term of this Agreement shall begin as of the Effective Date and end upon conclusion of the Warranty Period (as defined below) ("Term"), subject to the termination provisions set forth hereinbelow. It is understood and agreed by and between the parties that the individual Filters will have distinct Warranty Period expiration dates, which will be determined by the date the Reactivated GAC is returned to the filter following reactivation. Accordingly, the Term will conclude upon the later of the Warranty Period expiration dates.

C. Consideration

1. In consideration of the provision of Reactivated GAC, transfer of ownership of same, and the respective Warranty Period for each Filter, TAWC shall compensate ACS as set forth below:

Chattanooga Plant	
Year	**Unit Price/Cubic Foot of GAC**
2009	$57.05

2. ACS will invoice TAWC for the services performed following reinstallation of the Reactivated GAC in its respective Filter. In instances where ACS will be performing services on multiple filters concurrently, ACS will submit its charge for

the work performed on both Filters in one invoice.

3. ACS will transmit invoices to the "Shared Services Center" of American Water Works Company, Inc., and should likewise direct a copy to the attention of the following TAWC representative, unless and until TAWC designates a different individual:

John Watson
Chattanooga
Tennessee American Water Company
1101 Broad Street.
Chattanooga, Tennessee 37402
Office: 423-755-7607
E-mail: john.Watson@amwater.com
Workbasket: A26AMGR02

4. TAWC shall remit payment to ACS thirty (30) days after the receipt of ACS's invoice in the Shared Services Center JDE system. If TAWC fails to timely remit payment to ACS, TAWC shall pay interest on all outstanding amounts due at a rate of prime (as published in The Wall Street Journal), plus three percent (3%). Such interest shall be calculated and added to any unpaid amounts on a monthly basis, but shall not be compounded or treated as recomputed principal. Interest shall begin to accrue on the fifteenth (15^{th}) day following the due date of the invoice.

D. Warranty

1. Pursuant to the terms of the "Warranty" set forth in Exhibit III, annexed hereto and incorporated herein, ACS warrants that the Reactivated GAC will provide T&O control for a period of thirty-six (36) months from the date of the Reactivated GAC's installation in the Plant's respective Filters ("Warranty Period"). In no instance will ACS's Warranty of the Reactivated GAC be extended beyond the thirty-six (36) month Warranty Period. The Warranty Period will be such date as is memorialized by the parties in a form substantially similar to that set forth in Exhibit IV, annexed hereto and incorporated herein.

2. During the Warranty Period, ACS will test all Reactivated GAC supplied under this Agreement every six (6) months from samples supplied by TAWC to

determine levels of exhaustion, which ACS will do at its sole cost and expense. The testing shall include the following parameters: Iodine Number, Apparent Density, Total Ash, Abrasion Number, Effective Size, Uniformity Coefficient, and Screen Analysis. ACS will submit copies of the test results to TAWC's local Production Superintendent, as well as the Director of Water Quality for TAWC.

3. Upon conclusion of a Filter's Warranty Period, TAWC shall have the right to do the following, subject to Uncontrollable Circumstances: (a) request that ACS remove the Reactivated GAC from the Filter, reactivate the Reactivated GAC, and return the Reactivated GAC to the Filter for another term, at a cost to be agreed-upon by and between the parties and memorialized in a separate agreement; (b) request that ACS remove the Reactivated GAC from the Filter without reactivation, at a cost to be agreed-upon by and between the parties and memorialized in a separate agreement, at which time ACS will reassume ownership of and title to the Reactivated GAC and TAWC will relinquish any rights, title and interest therein; (c) retain the Reactivated GAC in the Filter without any form of warranty, with no further cost to TAWC; (d) any combination of the above, as may be practicable; or (e) such other arrangement as agreed upon by and between the parties. TAWC shall notify ACS of its election of the above options not less than sixty (60) days prior to the conclusion of the Filter's Warranty Period.

E. Uncontrollable Circumstances

1. An "Uncontrollable Circumstance" is any act, event, condition or circumstance that (1) is beyond the reasonable control of the party relying thereon as justification for not performing an obligation of such party under the Agreement, (2) by itself or in combination with other acts, events, conditions or circumstances adversely affects, interferes with or delays the party's ability to perform its obligations under the Agreement, expands the scope of the party's obligations under the Agreement, or increases the party's cost of performing its obligations under the Agreement, and (3) is not the direct result of the willful or negligent act, intentional misconduct, or breach of the Agreement by the party claiming the occurrence of an Uncontrollable Circumstance.

2. If an Uncontrollable Circumstance occurs, the affected party shall be entitled to (1) relief from its performance obligations under the Agreement to the extent the occurrence of the Uncontrollable Circumstance prevents its performance of such obligations, (2) an extension of schedule to perform its obligations under the Agreement to the extent the occurrence of the Uncontrollable Circumstance prevents its ability to perform such obligations in the time specified in the Agreement, and (3) an increase in the fee to be paid under the Agreement to the extent the occurrence of the Uncontrollable Circumstance increases its costs of performance of its obligations under the Agreement. The occurrence of an Uncontrollable Circumstance shall not, however, excuse or delay TAWC's obligation to pay monies previously accrued and owing to ACS under the Agreement, or for ACS to perform any obligation under the Agreement not affected by the occurrence of the Uncontrollable Circumstance.

F. Default/Termination

1. Notwithstanding the terms set forth under Section C., above, relating to TAWC's failure to timely pay ACS's invoices, either party shall be deemed in default under the Agreement for its failure to perform any material term, covenant, or condition of the Agreement, and such failure continues for more than thirty (30) days following the non-defaulting party ("Non-Defaulting Party") giving written notice to the defaulting party ("Defaulting Party") outlining the basis for the alleged material breach or default of its obligations under this Agreement; provided, however, that if, and to the extent such default cannot reasonably be cured within the thirty (30) day period, and the Defaulting Party has diligently attempted to cure same and continues to diligently attempt to cure same thereafter, then the cure period provided for herein shall extend up to, but in no case more than, a collective sixty (60) days.

2. The Non-Defaulting Party shall have the right to terminate the Agreement upon notice to the Defaulting Party following conclusion of the cure period(s) set forth in Section F.1., above; provided that, (1) the Defaulting Party has not cured such default within thirty (30) days of notice being given to it, or (2) such breach is capable of being cured or remedied but cannot be cured or remedied within such thirty (30) day period, and the Defaulting Party either fails to commence such cure or remedy

as soon as reasonably possible following such thirty (30) day period or fails to cure the default within a collective sixty (60) days.

3. If TAWC defaults under this Agreement, it shall automatically relinquish ownership of and title to the Reactivated GAC, which will revert to ACS as if title had never passed to TAWC.

4. The right to terminate for default shall be in addition to any other remedy available at law for material breach or default.

G. Liability/Indemnification

1. ACS will indemnify, defend and save harmless TAWC against any and all liability, loss, damage, costs or expense that TAWC may incur, suffer or be required to pay as a result of ACS's negligent acts, errors or omissions or failure to perform in accordance with this Agreement, or ACS's violation of any Federal, State or local laws or regulations in its performance of this Agreement; but in either case only to the extent of and in proportion to the degree of fault, failure, or negligence of ACS or any of its officers, directors, employees and agents.

2. TAWC will indemnify, defend and save harmless ACS against any and all liability, loss, damage, costs or expense which ACS may incur, suffer or be required to pay as a result of TAWC's negligent acts, errors or omissions or failure to perform in accordance with this Agreement, or TAWC's violation of any Federal, State or local laws or regulations in its performance of this Agreement; but in either case only to the extent of and in proportion to the degree of fault, failure, or negligence of TAWC or any of its officers, directors, employees and agents. TAWC hereby agrees to indemnify, defend and save harmless ACS against any and all liability, loss, damage, costs or expense which ACS may incur, suffer or be required to pay as a result of GAC media becoming classified as a hazardous material, hazardous waste or hazardous substance pursuant to applicable environmental laws, while in the care, possession and control of TAWC.

3. In no event shall the parties be liable to each other, and each party specifically waives as against the other, any and all claims for consequential, incidental, special or punitive damages resulting in any way from performance or non-performance

of this Agreement, whether such damages are characterized as arising under breach of contract or warranty, tort (including negligence), fault, strict liability, indemnity or other theory of legal liability.

H. Dispute Resolution

1. If there is a dispute between the parties arising under, or out of, this Agreement that does not involve claims made by or asserted against third parties, the parties to this Agreement agree to submit such disputes to non-binding mediation, which shall be considered an express condition precedent to any further resolution process. If the parties are unable to resolve such disputes through mediation, the parties shall be entitled to submit the dispute to a court of competent jurisdiction in the State of Tennessee. If the parties mutually agree to do so, the parties may agree to arbitration in lieu of litigation in the local court system, through a mutually agreed upon dispute resolution agency.

2. If there is a claim or demand made in any proceeding against ACS by any third party, which arises out of or relates to the ACS's duties or obligations under this Agreement, nothing in this Agreement shall be construed to limit, waive or otherwise impair ACS's ability to join TAWC as a party to those proceedings, and to assert claims in the nature of indemnity or contribution for any damages or losses made against ACS in said proceedings.

3. If there is a claim or demand made in any proceeding against TAWC by any third party, which arises out of or relates to ACS's work under this Agreement, nothing in this Agreement shall be construed to limit, waive or otherwise impair TAWC's ability to join ACS and to assert claims in the nature of indemnity or contribution for any damages or losses made against TAWC in said proceedings.

I. Notices

All notices required under this Agreement shall be given by Certified Mail, Return Receipt Requested and shall be deemed made when deposited in the U.S. Mail properly addressed, with postage prepaid, as follows:

To ACS: AAET, L.P.
c/o Carbon Services Group
1025 Laurel Oak Road
Voorhees, New Jersey 08043
Attn: Adam R. McDonough, Vice President, AAET, Inc.

To TAWC: Tennessee-American Water Company
1101 Broad Street
Chattanooga, Tennessee 37402
Attn: John Watson, President

J. Taxes

The fees to be paid by TAWC under this Agreement do not include any taxes or other assessments. TAWC agrees to pay all taxes or governmental assessments imposed on the services and materials provided by ACS pursuant to this Agreement.

K. Performance Requirements

1. The reactivation of the GAC that will be placed in the Filters will be conducted in a Facility dedicated exclusively to the reactivation of GAC media from potable water treatment plants and which shall not have accepted GAC media used for purposes other than potable water treatment. All of the GAC media prepared for reactivation shall be treated as a discreet and separate batch, and shall not contact, be mixed with, or blended with any Reactivated GAC or exposed to any reactivation products that are not Reactivated GAC or reactivation products originating from the Plant. All equipment used for reactivation, transport and installation that will come in contact with the GAC media, including but not limited to GAC media storage and feed equipment, cooling, screening and handling equipment, shall be cleaned and thoroughly purged of any other material.

2. ACS will use only NSF-approved bituminous virgin GAC media for makeup purposes. The supplier of the virgin GAC media shall have provided virgin GAC media to at least ten (10) water treatment plants of similar source as the Plant, and such plants shall have been in service for at least five (5) years. No other sources of GAC media for reactivation purposes will be acceptable.

3. At least two (2) weeks prior to beginning the Reactivated GAC installation, a duly authorized ACS representative shall meet with the applicable TAWC Production Superintendent or his/her designated representative to review the plans for the Reactivated GAC installation, including the dates work is to begin and to end, to determine if any special circumstances exist, and to determine if any special equipment is required. ACS shall provide any auxiliary equipment, services, or materials required to conduct the Reactivated GAC installation, which it shall do at no additional cost to TAWC. TAWC shall provide all necessary water, electricity, and suitable drainage to accomplish the installation of the Reactivated GAC into the Filters at the Plant, which it will provide at its sole cost and expense.

4. The Reactivated GAC installation shall commence promptly each day by 8:00 A.M., or other mutually agreed upon time, and ACS shall provide such labor necessary to minimize the amount of time each filter is out of service during installation. ACS shall reimburse any overtime incurred by TAWC personnel as a result of deviation from this schedule, except where such deviation is due to TAWC's request, fault, failure or negligence, or an Uncontrollable Circumstance.

5. All scheduling of material, equipment, services, and GAC media deliveries shall be conducted by the ACS representative. Any additional costs incurred as a result of scheduling conflicts, errors, or omissions shall be paid solely by ACS, except where such cost overage is due to TAWC's rescheduling, fault, failure or negligence, or an Uncontrollable Circumstance.

6. ACS will install the Reactivated GAC to the level of GAC media existing in each Filter before removal, based upon the measurement of media depth in place after backwashing ("Noted Level"). Upon completion of the reinstallation of the Reactivated GAC in each filter, the depth of the Reactivated GAC shall deviate by no more than one (1) inch from the Noted Level.

7. In order to avoid equipment freezing and installation delays that could jeopardize the operation of the Plant, the Reactivated GAC installation will not occur during periods in which air temperatures drop below fifteen (15) degrees Fahrenheit, to the extent reasonably and operationally practicable. Where possible and reasonably practical, the installation shall be temporarily postponed and rescheduled to

a time when temperature conditions exceed fifteen (15) degrees Fahrenheit.

L. Insurance

1. ACS shall return two (2) copies of its current "Certificate of Insurance" ("Certificate") concurrent with the signed Agreement. ACS shall not commence any work under this Agreement until it has provided the Certificate to TAWC.

2. ACS shall carry Workers Compensation Insurance during the life of this Agreement to insure its statutory liability to its employees in the State of Tennessee plus $100,000 Employers Liability coverage. ACS shall carry the Comprehensive form of General Liability and property damage insurance during the life of this Agreement covering all risks itemized in the form for "Certificate of Insurance" provided in this Agreement. The limits shall not be less than $1,000,000 for each occurrence of bodily injury and property damage and $1,000,000 for general aggregate. ACS shall carry the comprehensive form of Automobile Liability and Property damage insurance during the life of this Agreement to cover the risks itemized in the form "Certificate of Insurance" provided for in this Agreement. The limits shall be not less than $1,000,000 for each occurrence of bodily injury and property damage combined.

3. ACS shall carry Umbrella and/or Excess Liability Insurance during the life of this Agreement covering all risks above the limits shown above. The limit shall not be less than $4,000,000.

M. Miscellaneous

1. This Agreement shall not be assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any assignee shall assume all the obligations of this Agreement and the assignor shall not be relieved of its obligations under this Agreement by reason of an assignment.

2. This Agreement constitutes the entire agreement between the parties. All previous representations relative hereto, either written or oral, are hereby annulled and superseded. No modifications shall be binding on either party unless it shall be in writing and signed by an authorized officer of both parties.

3. The failure of a party to insist on strict performance of any or all of the terms of this Agreement, or to exercise any right to remedy under this Agreement, shall not constitute a waiver or relinquishment of any nature regarding such right or remedy or any other right or remedy. Any waiver by either party of any provision or condition of this Agreement shall not be construed or deemed to be a waiver of any other provision or condition of this Agreement, nor a waiver of a subsequent breach of the same provision or condition unless such waiver be so expressed in writing and signed by the party to be bound.

4. If any provision contained herein is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provisions did not exist and the unenforceability of such provision shall not be held to render any other provision of this Agreement unenforceable.

5. The covenants, warranties, and agreements set forth in Section D.1 and Exhibit III of this Agreement shall survive termination of this Agreement.

6. ACS shall not be liable or responsible for the transportation, handling, treatment, storage, disposal or other activity in connection with GAC media that is or becomes a hazardous material, hazardous waste or hazardous substance.

7. This Agreement shall be governed and construed in accordance with the laws of the State of Tennessee without giving effect to conflict of law principles.

8. The Recitals first set forth above are hereby incorporated into and made part of this Agreement.

[*signature page to follow*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ACCEPTED AND AGREED:
Tennessee-American Water Company

By: _____
John S. Watson
President

ACCEPTED AND AGREED:
AAET, L.P.

By: _____
Adam R. McDonough, Vice President
of AAET, Inc., its General Partner

EXHIBIT I

Tennessee-American Water Company — Chattanooga WTP

Reactivated GAC Installation Schedule

Filter(s) No.	Surface Area	GAC Depth	GAC Volume	Installation Period	Estimated Project Price
Aldrich Unit #3	922 sq. ft.	24 in.	1844 cu. ft.	On or about February 3, 2009, to February 6, 2009	$105,200.20
Aldrich Unit #4	922 sq. ft.	24 in.	1844 cu. ft.	On or about February 3, 2009, to February 6, 2009	$105,200.20

EXHIBIT II

GRANULAR ACTIVATED CARBON PROPERTIES

The Reactivated GAC shall contain no soluble inorganic or organic substances in quantities capable of producing deleterious or injurious effects on the health of those consuming the water and shall not impart to the water any contaminant that exceeds the limits as defined by the United States Environmental Protection Agency, Drinking Water Regulations.

The Reactivated GAC shall meet the following specifications:

Iodine number	800 minimum
Density	28-30 lb./cubic foot
Effective Size	0.8 – 1.0 mm
Uniformity Coefficient	2.1 maximum
Moisture	2% maximum
Abrasion Number	75 minimum
Water Soluble Ash	1% maximum
Typical Mesh Size	8 x 30

EXHIBIT III

WARRANTY

ACS warrants that, when used under the conditions that exist at the Plant as of the Effective Date of this Agreement, which are considered "normal" conditions, the GAC provided under this Agreement will perform the function of adsorption of dissolved organics that contribute to taste and odors for a period of thirty-six (36) months after installation of the Reactivated GAC into the respective filters. For purposes of the warranty, effective T&O adsorption, defined as the reduction of absorbable dissolved odors, such that the threshold odor number of the carbon filtered water as measured by the procedure defined in "Standard Methods for the Examination of Water and Wastewater", 20th Edition, shall not exceed a level two (2) in the carbon filtered effluent for a duration of four (4) consecutive days while the treatment plant is in normal operation.

The thirty-six (36) month warranty period for the Reactivated GAC installed into the filters will begin once the respective filtering unit is placed in service after backwashing following installation of the Reactivated GAC.

ACS's obligation under the warranty is contingent, for the duration of the warranty period, on the following conditions within the control of TAWC:

A. If the concentration of organics in the raw water supply should exceed normal operational levels (e.g., in the case of an accidental industrial discharge, chemical spill or other adversity), TAWC will initiate the feed of powdered activated carbon or may elect a complete bypass of contaminated water during the course of abnormal conditions. If TAWC does not immediately take emergency measures to prevent the Reactivated GAC from being exposed to excessive levels of organic contaminants, the warranty for such filters shall be null and void.

B. TAWC will continue to practice normal and customary water treatments prior to carbon filtration. These customary treatments include, without limitation, providing suitable disinfection, coagulation, and clarification of the raw water and stabilizing the clarified water to prevent the deposition of calcium carbonate scale on the media.

C. Average and maximum filtration rates will not exceed 3.0 and 4.0 gallons per minute per square foot, respectively.

D. TAWC will maintain the GAC media bed depth in each filter as close to the Noted Level as possible, with the exception of a possible loss of up to two (2) inches of GAC media bed depth per filter, per year, due to attrition losses. If losses should exceed two (2) inches of bed depth in any filter during any one (1) year of operation, TAWC shall immediately advise ACS to replace the excess GAC media loss in that filter with GAC

media equal to that supplied. TAWC shall pay ACS for any such replacement of GAC media at a price agreed to by both parties. If the parties are unable to agree-upon a price for the replacement GAC media, then TAWC has the right to seek an alternate supplier therefor. In such instance, however, the alternate supplier shall provide GAC media that meets the same quality and standards as the GAC media that ACS provides and the GAC media shall meet ACS's approval, in its reasonable discretion. The failure of the alternate GAC media to meet these standards shall deem the warranty null and void. Notwithstanding anything set forth above, if TAWC does not immediately advise ACS of the loss and replace such loss, the warranty for the Reactivated GAC in such filter shall be null and void.

E. TAWC will maintain the Plant's filters in good operating condition and in accordance with accepted industry practice. Notwithstanding the above, if the Reactivated GAC fails to perform due to encrustation by inorganic precipitates, it shall not be considered to be a breach of this warranty, but TAWC will bear the cost of cleaning, and if necessary, replacing the Reactivated GAC to restore performance, in accordance with procedures provided by ACS.

If, during the warranty period, the Reactivated GAC fails to perform in accordance with the parameters established in this warranty and in the Agreement, subject to the conditions contained herein, ACS will, at its sole option and cost, either reactivate or replace all or part of the Reactivated GAC to restore its capability.

EXCEPT AS SET FORTH IN THIS EXHIBIT III, ACS MAKES NO WARRANTY EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE CARBON OR THE SERVICES TO BE PROVIDED UNDER THIS AGREEMENT. ACS SHALL HAVE NO LIABILITY FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF A BREACH OF THIS WARRANTY. TAWC'S SOLE REMEDY FOR ANY BREACH OF THIS WARRANTY SHALL BE TO REQUIRE ACS TO EITHER REACTIVATE OR REPLACE CARBON AS PROVIDED ABOVE.

EXHIBIT IV

WARRANTY PERIOD

Filter(s) No.	Warranty Period
Aldrich Unit #3	February ___, 2009, to February __, 2012
Aldrich Unit #4	February ___, 2009, to February __, 2012

ACCEPTED AND AGREED:
Tennessee-American Water Company

By:_____
John S. Watson
President

ACCEPTED AND AGREED:
AAET, L.P.

By: _____
Adam R. McDonough, Vice President
of AAET, Inc., its General Partner

MARSH

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER
NYC-002400903-11

PRODUCER
Marsh USA Inc.
1166 Avenue of the Americas
New York, NY 10036

602328-AW-All-08-09

INSURED
American Carbon Services
439 Sandy Drive
Glenshaw, PA 15116

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN.

COMPANIES AFFORDING COVERAGE

COMPANY A: TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

COMPANY B: AXA INSURANCE COMPANY

COMPANY C: N/A

COMPANY D:

COVERAGES

This certificate supersedes and replaces any previously issued certificate for the policy period noted below.

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR [ ] OWNER'S & CONTRACTOR'S PROT	TC2J-GLSA-260T3317	01/01/08	01/01/09	GENERAL AGGREGATE	$ 12,000,000
					PRODUCTS - COMP/OP AGG	$ Included Above
					PERSONAL & ADV INJURY	$ 1,000,000
					EACH OCCURRENCE	$ 1,000,000
					FIRE DAMAGE (Any one fire)	$ 1,000,000
					MED EXP (Any one person)	$ 5,000
A	AUTOMOBILE LIABILITY [X] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS	TC2J-CAP-260T3298 (All States)	01/01/08	01/01/09	COMBINED SINGLE LIMIT	$ 1,000,000
					BODILY INJURY (Per person)	$
					BODILY INJURY (Per accident)	$
					PROPERTY DAMAGE	$
	GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT	$
					OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	$
					AGGREGATE	$
B	EXCESS LIABILITY [X] UMBRELLA FORM [ ] OTHER THAN UMBRELLA FORM	XS000900 (08)	01/01/08	01/01/09	EACH OCCURRENCE	$ 10,000,000
					AGGREGATE	$ 10,000,000
						$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	TC2J-UB-121D3206 (AOS) incl. HI	01/01/08	01/01/09	[X] WC STATUTORY LIMITS [ ] OTHER	
					EL EACH ACCIDENT	$ 1,000,000
A	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: [X] INCL [ ] EXCL	TRJ-UB-121D3218 (AZ, MA)	01/01/08	01/01/09	EL DISEASE-POLICY LIMIT	$ 1,000,000
					EL DISEASE-EACH EMPLOYEE	$ 1,000,000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

PAWC is named additional insured for operations of American Carbon Services.

CERTIFICATE HOLDER

Pennsylvania American Water Company
800 Hershey Park Drive
Hershey, PA 17033

CANCELLATION

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.

MARSH USA INC.
BY: Harold Ellebracht — Harold A Ellebracht

MM1(3/02)

VALID AS OF: 12/28/07

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees: None

Question:

45. Please provide the source ***Documents*** supporting the ***Workpapers*** *WP1,* WP2, WP6, and WP7 of Mr. ***Baryenbruch*** provided in response to TRA Data Request 1-3.

Response:

The Company incorporates its response to TN-COC-01-Q34 in its entirety as part of its response to this request.

The FERC Form 1s for utilities included in the customer account services cost comparison in WP 7 are being submitted with this reply and labeled as TN-COC-01-Q45-ATTACHMENT.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 - RESIDENTIAL SALES					
2	Residential Service Employee	36	2,384	2	18,000	0.0662
3	Residential Service	713,916	54,218,863	41,073	17,382	0.0759
4	Electrical Heating General					
5	Medium General Service					
6	Small General Service					
7	Outdoor Lighting	1,547	268,740			0.1737
8	Subtotal Billed	715,499	54,489,987	41,075	17,419	0.0762
9	Unbilled Revenue	-8,434	-182,596			0.0217
10	TOTAL 440 RESIDENTIAL	707,065	54,307,391	41,075	17,214	0.0768
11						
12	442 - COMMERCIAL SALES					
13	Residential Service					
14	Church Service	9,735	852,211	186	52,339	0.0875
15	Electrical Heating General	29,337	2,452,142	630	46,567	0.0836
16	Industrial Power Service	32,518	1,826,524	1	32,518,000	0.0562
17	Large General Service	198,190	13,933,876	216	917,546	0.0703
18	Medium General Service	97,009	8,327,065	1,261	76,930	0.0858
19	Medium General Service TOD	440	38,182	4	110,000	0.0868
20	Small General Service	21,609	2,137,069	3,326	6,497	0.0989
21	Outdoor Lighting	2,520	383,428			0.1522
22	Subtotal Billed	391,358	29,950,497	5,624	69,587	0.0765
23	Unbilled Revenue	-939	225,215			-0.2398
24	TOTAL 442 COMMERCIAL	390,419	30,175,712	5,624	69,420	0.0773
25						
26	442 - INDUSTRIAL SERVICE					
27	Electric Heating General	364	32,412	15	24,267	0.0890
28	Industrial Power Service	988,913	51,672,379	6	164,818,833	0.0523
29	Large General Service	49,128	3,722,389	39	1,259,692	0.0758
30	Medium General Service	6,410	554,950	67	95,672	0.0866
31	Medium General Service TOD	184	13,234	1	184,000	0.0719
32	Small General Service	323	31,528	47	6,872	0.0976
33	Outdoor Lighting	213	30,176			0.1417
34	Estimated Billings	-23,000	-960,265			0.0418
35	Subtotal Billed	1,022,535	55,096,803	175	5,843,057	0.0539
36	Unbilled Revenue	4,201	329,254			0.0784
37	TOTAL 442 INDUSTRIAL	1,026,736	55,426,057	175	5,867,063	0.0540
38						
39						
40						
41	TOTAL Billed	2,170,550	143,225,822	47,027	46,155	0.0660
42	Total Unbilled Rev.(See Instr. 6)	-5,115	400,172	0	0	-0.0782
43	TOTAL	2,165,435	143,625,994	47,027	46,047	0.0663

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3	444 - PUBLIC STREET & HIGHWAY					
4	Small General Service	656	67,118	115	5,704	0.1023
5	Street Lighting	7,547	1,315,752	4	1,886,750	0.1743
6	Subtotal Billed	8,203	1,382,870	119	68,933	0.1686
7	Unbilled Revenue	-5	-205			0.0410
8	TOTAL 444 PUBLIC STREET &	8,198	1,382,665	119	68,891	0.1687
9						
10	445 - PUBLIC AUTHORITIES					
11	Public School	32,943	2,303,903	34	968,912	0.0699
12	Outdoor Lighting	12	1,762			0.1468
13	Subtotal Billed	32,955	2,305,665	34	969,265	0.0700
14	Unbilled Revenue	62	28,504			0.4597
15	TOTAL 445 PUBLIC AUTHORITIES	33,017	2,334,169	34	971,088	0.0707
16						
17						
18	Fuel Clause See Footnote					
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	2,170,550	143,225,822	47,027	46,155	0.0660
42	Total Unbilled Rev.(See Instr. 6)	-5,115	400,172	0	0	-0.0782
43	TOTAL	2,165,435	143,625,994	47,027	46,047	0.0663

Name of Respondent: Kingsport Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): / /	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

- Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)		
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	123,549,398	92,225,605
77	(556) System Control and Load Dispatching	-509	1,232
78	(557) Other Expenses	-1,741	3,313
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	123,547,148	92,230,150
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	123,547,148	92,230,150
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	32,065	29,946
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability	446	559
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	43,155	44,441
87	(561.3) Load Dispatch-Transmission Service and Scheduling	162	13
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	2,743	1,122
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	46,149	40,035
94	(563) Overhead Lines Expenses	16,071	27,948
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others		
97	(566) Miscellaneous Transmission Expenses	111,376	151,373
98	(567) Rents	841	
99	TOTAL Operation (Enter Total of lines 83 thru 98)	253,008	295,437
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	5,234	7,073
102	(569) Maintenance of Structures	6,851	14,628
103	(569.1) Maintenance of Computer Hardware	7,717	8,616
104	(569.2) Maintenance of Computer Software	43,958	39,009
105	(569.3) Maintenance of Communication Equipment	37,389	42,450
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	88,839	112,682
108	(571) Maintenance of Overhead Lines	28,470	23,718
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	23	
111	TOTAL Maintenance (Total of lines 101 thru 110)	218,481	248,176
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	471,489	543,613

- Privileged Data

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Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	260,585	249,967
135	(581) Load Dispatching	75,494	88,344
136	(582) Station Expenses	72,107	61,506
137	(583) Overhead Line Expenses	50,713	17,273
138	(584) Underground Line Expenses	36,206	42,996
139	(585) Street Lighting and Signal System Expenses	31,229	37,803
140	(586) Meter Expenses	104,788	113,260
141	(587) Customer Installations Expenses	75,446	30,450
142	(588) Miscellaneous Expenses	669,110	907,676
143	(589) Rents	427,798	94,930
144	TOTAL Operation (Enter Total of lines 134 thru 143)	1,803,476	1,644,205
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	672	3,240
147	(591) Maintenance of Structures	6,511	42,805
148	(592) Maintenance of Station Equipment	193,869	112,574
149	(593) Maintenance of Overhead Lines	5,468,773	2,266,803
150	(594) Maintenance of Underground Lines	55,413	60,329
151	(595) Maintenance of Line Transformers	144,595	91,509
152	(596) Maintenance of Street Lighting and Signal Systems	28,636	72,326
153	(597) Maintenance of Meters	5,364	24,681
154	(598) Maintenance of Miscellaneous Distribution Plant	156,924	122,495
155	TOTAL Maintenance (Total of lines 146 thru 154)	6,060,757	2,796,762
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	7,864,233	4,440,967
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	134,893	145,471
160	(902) Meter Reading Expenses	154,677	204,604
161	(903) Customer Records and Collection Expenses	1,458,469	1,473,158
162	(904) Uncollectible Accounts		249
163	(905) Miscellaneous Customer Accounts Expenses	1,697	425
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	1,749,736	1,823,907

- Privileged Data

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Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	33,072	33,031
168	(908) Customer Assistance Expenses	39,069	37,235
169	(909) Informational and Instructional Expenses	63,457	53,897
170	(910) Miscellaneous Customer Service and Informational Expenses	830	199
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	136,428	124,362
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses	9	
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	9	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	908,211	772,560
182	(921) Office Supplies and Expenses	93,184	122,761
183	(Less) (922) Administrative Expenses Transferred-Credit	326,343	445,024
184	(923) Outside Services Employed	495,925	694,229
185	(924) Property Insurance	22,374	15,748
186	(925) Injuries and Damages	123,151	112,239
187	(926) Employee Pensions and Benefits	526,873	199,803
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	-183	237
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	31,823	38,870
192	(930.2) Miscellaneous General Expenses	214,388	176,297
193	(931) Rents	294,686	523,080
194	TOTAL Operation (Enter Total of lines 181 thru 193)	2,384,089	2,210,800
195	Maintenance		
196	(935) Maintenance of General Plant	179,715	188,176
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	2,563,804	2,398,976
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	136,332,847	101,561,975

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Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	74		
4	Transmission	92,079		
5	Regional Market			
6	Distribution	409,067		
7	Customer Accounts	261,311		
8	Customer Service and Informational	27,069		
9	Sales			
10	Administrative and General	7,762		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	797,362		
12	Maintenance			
13	Production	2,781		
14	Transmission	117,256		
15	Regional Market			
16	Distribution	1,020,089		
17	Administrative and General	30,445		
18	TOTAL Maintenance (Total of lines 13 thru 17)	1,170,571		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	2,855		
21	Transmission (Enter Total of lines 4 and 14)	209,335		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	1,429,156		
24	Customer Accounts (Transcribe from line 7)	261,311		
25	Customer Service and Informational (Transcribe from line 8)	27,069		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	38,207		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	1,967,933	140,542	2,108,475
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kingsport Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	1,967,933	140,542	2,108,475
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	1,711,036	122,195	1,833,231
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	1,711,036	122,195	1,833,231
72	Plant Removal (By Utility Departments)			
73	Electric Plant	212,999	15,211	228,210
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	212,999	15,211	228,210
77	Other Accounts (Specify, provide details in footnote):			
78				
79	163 - Stores Expense Undistributed	134,446	-134,446	
80	184 - Clearing Accounts	143,502	-143,502	
81	185 - ODD Temporary Facilities	20,643		20,643
82	186 - Misc Deferred Debits	37,483		37,483
83	188 - Research & Development	-32		-32
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	336,042	-277,948	58,094
96	TOTAL SALARIES AND WAGES	4,228,010		4,228,010

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	RESIDENTIAL					
3	CP Cogeneration Purchase	-5	-247			0.0494
4	PL Private Lighting	6,602	1,807,861	239	27,623	0.2738
5	RG Residential Service	1,793,165	173,171,160	137,263	13,064	0.0966
6	RG Rider W/Water Heater	15,594	1,309,700	1,112	14,023	0.0840
7	RH Residential All Electric	50,334	3,864,481	2,592	19,419	0.0768
8	MS Miscellaneous Service					
9	SH SM Heat					
10	Unbilled Revenue	783	250,536			0.3200
11	Subtotal	1,866,473	180,403,491	141,206	13,218	0.0967
12						
13	COMMERCIAL AND INDUSTRIAL:					
14	CB Commercial	338,332	36,292,312	18,508	18,280	0.1073
15	CP Cogeneration Purchase	-2	-68			0.0340
16	GP General Power	875,564	69,254,185	1,742	502,620	0.0791
17	LP Large Power	648,132	41,197,401	38	17,056,105	0.0636
18	LS Special Lighting	350	49,673	75	4,667	0.1419
19	MS Miscellaneous Service					
20	RH Residential All Electric					
21	RG Residential Service		41			
22	PFM Feed Mill and Grain Elevator	483	67,349	7	69,000	0.1394
23	PL Private Lighting	12,117	2,805,500	213	56,887	0.2315
24	Praxair	64,054	2,667,319	1	64,054,000	0.0416
25	PT Transmission	143,329	9,294,022	10	14,332,900	0.0648
26	SH Small Heating	99,122	9,032,296	3,204	30,937	0.0911
27	TEB All Electric Building	383,866	30,530,390	970	395,738	0.0795
28	Unbilled	6,650	592,400			0.0891
29	Subtotal	2,571,997	201,782,820	24,768	103,844	0.0785
30						
31	PUBLIC ST & HWY LIGHTING:					
32	CB Commercial	1,530	214,740	352	4,347	0.1404
33	GP General Power	361	29,863	1	361,000	0.0827
34	LS Special Lighting	658	91,257	113	5,823	0.1387
35	MS Miscellaneous	375	30,368	1	375,000	0.0810
36	PL Private Lighting	132	26,608			0.2016
37	SH Small Heating		136	1		
38	SPL Municipal Street Lighting	20,056	2,661,377	6	3,342,667	0.1327
39	Subtotal	23,112	3,054,349	474	48,759	0.1322
40						
41	TOTAL Billed	5,402,406	425,476,222	168,032	32,151	0.0788
42	Total Unbilled Rev.(See Instr. 6)	7,433	842,936	0	0	0.1134
43	TOTAL	5,409,839	426,319,158	168,032	32,195	0.0788

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The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	OTHER SALES TO PUBLIC					
2	AUTHORITIES:					
3	CB Commerical	21,054	2,189,517	1,291	16,308	0.1040
4	GP General Power	66,730	5,290,103	174	383,506	0.0793
5	LS Special Lighting	61	6,683	2	30,500	0.1096
6	PL Private Lighting	19	5,042			0.2654
7	RG Residential Service	56	4,838	1	56,000	0.0864
8	SH Small Heating	1,470	124,973	40	36,750	0.0850
9	TEB All Electric Building	9,313	735,703	13	716,385	0.0790
10	Subtotal	98,703	8,356,859	1,521	64,893	0.0847
11						
12	INTERDEPARTMENTAL	1,594	178,033	30	53,133	0.1117
13	Subtotal	1,594	178,033	30	53,133	0.1117
14						
15	SALES FOR RESALE - ELECTRIC					
16	ENTERGY	213	5,217	1	213,000	0.0245
17	Kansas City Power & Light	161,315	4,743,881	1	161,315,000	0.0294
18	Westar	37,410	968,562	1	37,410,000	0.0259
19	Independence Power & Light	4	200			0.0500
20	American Electric Power	18,818	405,995	1	18,818,000	0.0216
21	Central Louisiana Electric	36	1,630			0.0453
22	Missouri Public Service	15	676			0.0451
23	Lagan	3	129			0.0430
24	Oklahoma Gas & Electric	95	3,982	1	95,000	0.0419
25	Endure Energy	6,740	191,167	1	6,740,000	0.0284
26	Xcel	43	2,169	1	43,000	0.0504
27	City of Carthage	221	9,495			0.0430
28	Constellation	14	626			0.0447
29	Sunflower Electric	195	8,406	1	195,000	0.0431
30	Southwest Power Administration	3	111			0.0370
31	Lafayette Utilities	18	758			0.0421
32	PJM	43	-2,529			-0.0588
33	Lincoln Electrical	6	244			0.0407
34	Western Farmers	843	30,794	1	843,000	0.0365
35	Louisiana Electric & Power	8	335			0.0419
36	Board of Public Utilities	17	708			0.0416
37	Oklahoma Mutual Power	20	360			0.0180
38	Aquilla	10	272			0.0272
39	MISO	1,471	30,425	1	1,471,000	0.0207
40	Cargil-Alliant	27,601	525,224	1	27,601,000	0.0190
41	TOTAL Billed	5,402,406	425,476,222	168,032	32,151	0.0788
42	Total Unbilled Rev.(See Instr. 6)	7,433	842,936	0	0	0.1134
43	TOTAL	5,409,839	426,319,158	168,032	32,195	0.0788

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Nebraska Public Power	10	484			0.0484
2	Duke Energy Marketing & Trading	27	1,077	1	27,000	0.0399
3	Western Area Power	1	43			0.0430
4	Ameren	949	35,903	1	949,000	0.0378
5	Tenaska	11,679	311,690	1	11,679,000	0.0267
6	The Energy Authority	14,272	431,389	1	14,272,000	0.0302
7	Rainbow Energy	3,435	75,150	1	3,435,000	0.0219
8	Eagle Energy	1,040	15,690	1	1,040,000	0.0151
9	Omaha Public Power	106	4,422			0.0417
10	West Memphis					
11	Southwest Power Pool	215,393	6,205,905	1	215,393,000	0.0288
12	South Mississippi Electric	8	397			0.0496
13	Subtotal	502,082	14,010,987	18	27,893,444	0.0279
14						
15	SALES FOR RESALE-AGENCY					
16	AEC	10,846	247,509	1	10,846,000	0.0228
17	Grand River Dam Authority	2,971	85,658	1	2,971,000	0.0288
18	Subtotal	13,817	333,167	2	6,908,500	0.0241
19						
20	SALES FOR					
21	City of Mt Vernon	73,744	4,084,241	1	73,744,000	0.0554
22	City of Monett	233,874	12,711,293	1	233,874,000	0.0544
23	City of Chetopa	14,237	805,605	1	14,237,000	0.0566
24	City of Lockwood	10,206	598,313	1	10,206,000	0.0586
25	Subtotal	332,061	18,199,452	4	83,015,250	0.0548
26						
27	Total Sales	5,409,839	426,319,158	168,023	32,197	0.0788
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	5,402,406	425,476,222	168,032	32,151	0.0788
42	Total Unbilled Rev.(See Instr. 6)	7,433	842,936	0	0	0.1134
43	TOTAL	5,409,839	426,319,158	168,032	32,195	0.0788

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	2,078,022	2,012,900
5	(501) Fuel	43,912,198	38,409,476
6	(502) Steam Expenses	2,990,056	1,888,930
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	1,332,797	1,458,549
10	(506) Miscellaneous Steam Power Expenses	1,038,423	866,829
11	(507) Rents	48	
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	51,351,544	44,636,684
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	399,819	376,930
16	(511) Maintenance of Structures	582,289	542,102
17	(512) Maintenance of Boiler Plant	4,037,257	3,539,513
18	(513) Maintenance of Electric Plant	1,041,586	1,488,831
19	(514) Maintenance of Miscellaneous Steam Plant	486,777	353,831
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	6,547,728	6,301,207
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	57,899,272	50,937,891
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	59,282	57,139
45	(536) Water for Power	26,395	45,932
46	(537) Hydraulic Expenses	6,421	15,810
47	(538) Electric Expenses	32,443	46,196
48	(539) Miscellaneous Hydraulic Power Generation Expenses	276,538	262,455
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	401,079	427,532
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	57,696	61,911
54	(542) Maintenance of Structures	27,772	25,305
55	(543) Maintenance of Reservoirs, Dams, and Waterways	75,617	15,213
56	(544) Maintenance of Electric Plant	35,786	23,053
57	(545) Maintenance of Miscellaneous Hydraulic Plant	30,865	21,333
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	227,736	146,815
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	628,815	574,347

- Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	480,389	498,791
63	(547) Fuel	56,979,142	77,739,004
64	(548) Generation Expenses	1,387,188	1,564,239
65	(549) Miscellaneous Other Power Generation Expenses	641,091	628,916
66	(550) Rents	22	904
67	TOTAL Operation (Enter Total of lines 62 thru 66)	59,487,832	80,431,854
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	363,032	349,765
70	(552) Maintenance of Structures	124,453	88,886
71	(553) Maintenance of Generating and Electric Plant	5,113,044	4,660,615
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	476,654	431,819
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	6,077,183	5,531,085
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	65,565,015	85,962,939
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	81,136,808	87,909,085
77	(556) System Control and Load Dispatching	2,264,237	2,232,231
78	(557) Other Expenses	302,297	91,372
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	83,703,342	90,232,688
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	207,796,444	227,707,865
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	261,540	307,539
84	(561) Load Dispatching	488,085	463,906
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	167,888	226,111
94	(563) Overhead Lines Expenses	50,601	75,086
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	2,319,793	2,010,926
97	(566) Miscellaneous Transmission Expenses	510,725	453,903
98	(567) Rents	175	175
99	TOTAL Operation (Enter Total of lines 83 thru 98)	3,798,807	3,537,646
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	52,973	62,318
102	(569) Maintenance of Structures	6,908	10,811
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	556,663	564,878
108	(571) Maintenance of Overhead Lines	2,149,208	2,037,467
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant		
111	TOTAL Maintenance (Total of lines 101 thru 110)	2,765,752	2,675,474
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	6,564,559	6,213,120

- Privileged Data

Name of Respondent: The Empire District Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): 04/19/2010	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	835,835	798,416
135	(581) Load Dispatching		
136	(582) Station Expenses	521,419	512,177
137	(583) Overhead Line Expenses	1,660,148	1,602,717
138	(584) Underground Line Expenses	499,320	589,349
139	(585) Street Lighting and Signal System Expenses	91,388	88,838
140	(586) Meter Expenses	2,417,909	2,421,892
141	(587) Customer Installations Expenses	116,854	198,032
142	(588) Miscellaneous Expenses	1,029,436	1,050,758
143	(589) Rents	3,592	2,023
144	TOTAL Operation (Enter Total of lines 134 thru 143)	7,175,901	7,264,202
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	174,287	158,458
147	(591) Maintenance of Structures	77,794	76,688
148	(592) Maintenance of Station Equipment	1,324,859	1,110,168
149	(593) Maintenance of Overhead Lines	12,612,070	9,070,041
150	(594) Maintenance of Underground Lines	752,556	617,499
151	(595) Maintenance of Line Transformers	232,352	231,261
152	(596) Maintenance of Street Lighting and Signal Systems	328,098	462,580
153	(597) Maintenance of Meters	268,381	279,329
154	(598) Maintenance of Miscellaneous Distribution Plant	171,067	185,295
155	TOTAL Maintenance (Total of lines 146 thru 154)	15,941,464	12,191,319
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	23,117,365	19,455,521
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	572,064	539,767
160	(902) Meter Reading Expenses	1,702,173	1,757,127
161	(903) Customer Records and Collection Expenses	4,985,478	4,310,504
162	(904) Uncollectible Accounts	2,089,385	2,039,471
163	(905) Miscellaneous Customer Accounts Expenses	184,860	273,067
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	9,533,960	8,919,936

 - Privileged Data

Name of Respondent: The Empire District Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): 04/19/2010	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	337,179	327,905
168	(908) Customer Assistance Expenses	860,427	861,851
169	(909) Informational and Instructional Expenses	116,530	151,761
170	(910) Miscellaneous Customer Service and Informational Expenses	10,359	7,301
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	1,324,495	1,348,818
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	8,293	7,050
175	(912) Demonstrating and Selling Expenses	345,046	350,053
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	353,339	357,103
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	7,675,490	6,914,248
182	(921) Office Supplies and Expenses	2,198,562	2,035,746
183	(Less) (922) Administrative Expenses Transferred-Credit	2,317,617	2,091,677
184	(923) Outside Services Employed	3,557,788	2,082,788
185	(924) Property Insurance	1,809,792	1,596,485
186	(925) Injuries and Damages	803,607	1,863,502
187	(926) Employee Pensions and Benefits	11,454,549	12,984,687
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	1,046,168	1,349,265
190	(929) (Less) Duplicate Charges-Cr.	242,791	242,230
191	(930.1) General Advertising Expenses	19,797	22,408
192	(930.2) Miscellaneous General Expenses	2,175,659	2,139,587
193	(931) Rents	133,729	130,111
194	TOTAL Operation (Enter Total of lines 181 thru 193)	28,314,733	28,784,920
195	Maintenance		
196	(935) Maintenance of General Plant	264,577	273,247
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	28,579,310	29,058,167
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	277,269,472	293,060,530

- Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	9,246,458		
4	Transmission	1,150,468		
5	Regional Market			
6	Distribution	5,161,231		
7	Customer Accounts	4,346,335		
8	Customer Service and Informational	983,427		
9	Sales	253,728		
10	Administrative and General	9,230,862		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	30,372,509		
12	Maintenance			
13	Production	5,065,568		
14	Transmission	585,809		
15	Regional Market			
16	Distribution	3,738,747		
17	Administrative and General	139,031		
18	TOTAL Maintenance (Total of lines 13 thru 17)	9,529,155		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	14,312,026		
21	Transmission (Enter Total of lines 4 and 14)	1,736,277		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	8,899,978		
24	Customer Accounts (Transcribe from line 7)	4,346,335		
25	Customer Service and Informational (Transcribe from line 8)	983,427		
26	Sales (Transcribe from line 9)	253,728		
27	Administrative and General (Enter Total of lines 10 and 17)	9,369,893		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	39,901,664	745,045	40,646,709
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Empire District Electric Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance	368,636	8,598	377,234
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	40,270,300	753,643	41,023,943
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	5,346,696	3,739,134	9,085,830
69	Gas Plant			
70	Other (provide details in footnote):	31,036		31,036
71	TOTAL Construction (Total of lines 68 thru 70)	5,377,732	3,739,134	9,116,866
72	Plant Removal (By Utility Departments)			
73	Electric Plant	689,360	391,316	1,080,676
74	Gas Plant			
75	Other (provide details in footnote):	2,775		2,775
76	TOTAL Plant Removal (Total of lines 73 thru 75)	692,135	391,316	1,083,451
77	Other Accounts (Specify, provide details in footnote):			
78				
79	Clearings	4,884,093	-4,884,093	
80	Other Income & Deductions (Non-Op)	162,960		162,960
81	Non-Utility O & M	482,098		482,098
82	Non-Utility Construction	216,439		216,439
83	Non-Utility Plant Removal	1,582		1,582
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	5,747,172	-4,884,093	863,079
96	TOTAL SALARIES AND WAGES	52,087,339		52,087,339

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kansas City Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	1ALDA-Area Lighting	1,053	283,248	1,090	966	0.2690
2	1RFEB-Residential Apts All Elec	1,425	109,700	13	109,615	0.0770
3	1RH1A-Residential Space Heat	506	46,876	157	3,223	0.0926
4	1RS1A-Residential Standard	1,844,083	174,570,150	192,289	9,590	0.0947
5	1RS1B-Residential Standard	981	103,789	39	25,154	0.1058
6	1RS2A-Residential Submeter	16,644	1,269,240	1,193	13,951	0.0763
7	1RS3A-Residential Sep Ht Meter	141,007	10,573,009	9,549	14,767	0.0750
8	1RS6A-Residential Elec Heat	482,136	37,186,093	36,643	13,158	0.0771
9	1RSDA-Residential Standard 3PH	1,775	144,646	76	23,355	0.0815
10	1RW1A-Residential Water Heat		164			
11	1RW2A-Res Water/Space Heat		142			
12	1RW3A-Res Water/Space Heat	-42	-664	1	-42,000	0.0158
13	1RW6A-Res Water/Space Heat		329			
14	1RW7A-Res Water/Space Heat	678	46,311	27	25,111	0.0683
15	1TE1A-Residential Time of Day	584	52,128	43	13,581	0.0893
16	3FS6C-Farm Elec Heat		15			
17	3RW1A-Residential Water Heat		13			
18	Excess Gross Margin		41,087			
19	Unbilled Revenue	-1,392	1,276,997			-0.9174
20	Total MO Residential	2,489,438	225,703,273	241,120	10,324	0.0907
21						
22	2ALDA-Area Lighting	1,218	326,617	2,080	586	0.2682
23	2RS1A-Residential Standard	1,773,889	175,750,830	150,489	11,787	0.0991
24	2RS2A-Residential Submeter	3,115	278,559	234	13,312	0.0894
25	2RS3A-Residential Sep Heat	13,487	1,102,504	1,112	12,129	0.0817
26	2RS6A-Residential Elec Heat	322,058	24,809,053	20,977	15,353	0.0770
27	2RSDA-Residential Standard 3PH	1,603	148,578	35	45,800	0.0927
28	2RW1A-Residential Water Heat	49,114	4,183,793	3,774	13,014	0.0852
29	2RW2A-Res Water/Space Heat	11,232	814,208	809	13,884	0.0725
30	2RW3A-Res Water/Space Heat	186,064	13,221,901	10,681	17,420	0.0711
31	2RW6A-Res Water/Space Heat	354,505	25,688,390	23,694	14,962	0.0725
32	2RW7A-Res Water/Space Heat	1,619	117,313	51	31,745	0.0725
33	2TE1A-Residential Time of Day	815	73,412	61	13,361	0.0901
34	Fuel Clause Accrual		-959,931			
35	Unbilled Revenue	-5,253	574,800			-0.1094
36	Total KS Residential	2,713,466	246,130,027	213,997	12,680	0.0907
37						
38						
39						
40						
41	TOTAL Billed	14,694,863	1,128,982,192	518,196	28,358	0.0768
42	Total Unbilled Rev.(See Instr. 6)	-14,173	4,807,989	0	0	-0.3392
43	TOTAL	14,680,690	1,133,790,181	518,196	28,330	0.0772

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kansas City Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	1ALDE-Area Lighting	13,403	2,267,724	2,391	5,606	0.1692
2	1LGAE-Large General All Elec	680,544	42,897,220	211	3,225,327	0.0630
3	1LGAF-Large General All Elec	186,678	10,838,982	14	13,334,143	0.0581
4	1LGHE-Large General Heat	55,070	3,843,207	36	1,529,722	0.0698
5	1LGSE-Large General Service	939,414	66,443,517	622	1,510,312	0.0707
6	1LGSF-Large General Service	136,813	9,392,975	48	2,850,271	0.0687
7	1LSHE-Large General Heat	2,753	211,484	2	1,376,500	0.0768
8	1MGAE-Medium General All Elec	133,972	9,481,786	452	296,398	0.0708
9	1MGAF-Medium General All Elec	973	84,607	2	486,500	0.0870
10	1MGHE-Medium General Heat	24,899	1,918,525	100	248,990	0.0771
11	1MGSE-Medium General Service	812,880	66,439,947	4,321	188,123	0.0817
12	1MGSF-Medium General Service	6,684	539,230	29	230,483	0.0807
13	1MSHE-Medium General Heat	158	16,439	1	158,000	0.1040
14	1MSEE-Medium General Service	23,949	2,290,040	163	146,926	0.0956
15	1PGSE-Large Power Service	359,914	20,698,770	29	12,410,828	0.0575
16	1PGSF-Large Power Service	439,264	26,448,949	26	16,894,769	0.0602
17	1POSF-Large Power Off Peak	140,715	8,257,639	8	17,589,375	0.0587
18	1POSW-Large Power Off Peak	27,484	1,310,840	1	27,484,000	0.0477
19	1SGAE-Small General All Elec	19,668	1,820,577	608	32,349	0.0926
20	1SGHE-Small General Heat	6,647	658,117	283	23,488	0.0990
21	1SGSE-Small General Service	339,520	36,528,099	22,277	15,241	0.1076
22	1SGSF-Small General Service	585	96,303	24	24,375	0.1646
23	1SSAE-Small General All Elec	108	9,703	6	18,000	0.0898
24	1SSHE-Small General Heat	944	94,267	15	62,933	0.0999
25	1SSSE-Small General Service	11,176	1,437,252	580	19,269	0.1286
26	1SUSE-Small General Unmetered	7,496	870,386	1,218	6,154	0.1161
27	Excess Gross Margin		73,913			
28	Unbilled Revenue	5	1,970,010			394.0020
29	Total MO Commercial	4,371,716	316,940,508	33,467	130,628	0.0725
30						
31	2ALDE-Area Lighting	2,179	468,147	770	2,830	0.2148
32	2LGAE-Large General Space Heat	668,522	39,668,618	281	2,379,082	0.0593
33	2LGAF-Large General Space Heat	9,090	497,661	2	4,545,000	0.0547
34	2LGHE-Large General Heat	92,525	6,173,071	64	1,445,703	0.0667
35	2LGSE-Large General Service	1,033,899	70,266,996	650	1,590,614	0.0680
36	2LGSF-Large General Service	219,330	13,484,785	33	6,646,364	0.0615
37	2LS1E-Off Peak Light Service	35,428	1,982,249	1,338	26,478	0.0560
38	2MGAE-Medium Gen Space Heat	94,786	6,807,350	379	250,095	0.0718
39	2MGHE-Medium General Heat	18,908	1,560,737	109	173,468	0.0825
40	2MGSE-Medium General Service	574,974	49,303,881	3,376	170,312	0.0857
41	TOTAL Billed	14,694,863	1,128,982,192	518,196	28,358	0.0768
42	Total Unbilled Rev.(See Instr. 6)	-14,173	4,807,989	0	0	-0.3392
43	TOTAL	14,680,690	1,133,790,181	518,196	28,330	0.0772

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	2MGSF-Medium General Service	408	56,491	3	136,000	0.1385
2	2MLIK-Commercial St Light	1	154	1	1,000	0.1540
3	2MLSK-Commercial St Light HP	2	544	1	2,000	0.2720
4	2PGSW-Large Power Service	93,551	4,594,801	1	93,551,000	0.0491
5	2SGAE-Small Gen Space Heat	19,969	1,836,372	1,094	18,253	0.0920
6	2SGAF-Small Gen Space Heat	8	805	1	8,000	0.1006
7	2SGHE-Small General Heat	11,140	1,055,648	400	27,850	0.0948
8	2SGSE-Small General Service	261,098	27,726,231	17,837	14,638	0.1062
9	2SGSF-Small General Service	28	4,518	2	14,000	0.1614
10	2SUSE-Small General Unmetered	2,794	415,007	991	2,819	0.1485
11	Wind Generation	-10	374			-0.0374
12	Fuel Clause Accrual		-1,120,754			
13	Unbilled Revenue	-3,882	587,548			-0.1514
14	Total KS Commercial	3,134,748	225,371,234	27,333	114,687	0.0719
15						
16	1LGAH-Large General All Elec	36,340	1,914,741	8	4,542,500	0.0527
17	1LGHH-Large General Heat	10,022	621,952	2	5,011,000	0.0621
18	1LGSG-Large General Service	68,323	5,199,802	26	2,627,808	0.0761
19	1LGSH-Large General Service	106,401	8,115,926	85	1,251,776	0.0763
20	1MGAH-Medium General All Elec	3,970	310,826	12	330,833	0.0783
21	1MGHH-Medium General w/Heat	257	23,632	2	128,500	0.0920
22	1MGSG-Medium General Service	3,988	371,522	7	569,714	0.0932
23	1MGSH-Medium General Service	54,437	4,898,170	302	180,255	0.0900
24	1PGSG-Large Power Service	472,077	24,214,499	17	27,769,235	0.0513
25	1PGSH-Large Power Service	63,435	3,838,759	7	9,062,143	0.0605
26	1PGSV-Large Power Service	413,377	18,907,290	4	103,344,250	0.0457
27	1PGSZ-Large Power Service	87,407	4,501,594	2	43,703,500	0.0515
28	1POSG-Large Power Off Peak	114,966	6,151,426	3	38,322,000	0.0535
29	1POSZ-Large Power Off Peak	86,753	4,253,899	1	86,753,000	0.0490
30	1SGAH-Small General All Elec	230	26,957	8	28,750	0.1172
31	1SGHH-Small General Heat	38	2,558	1	38,000	0.0673
32	1SGAG-Small General Service	23	2,510	1	23,000	0.1091
33	1SGSH-Small General Service	10,219	1,159,213	610	16,752	0.1134
34	Excess Gross Margin		20,790			
35	Unbilled Revenue	-3,926	318,578			-0.0811
36	Total MO Industrial	1,528,337	84,854,644	1,098	1,391,928	0.0555
37						
38						
39						
40						
41	TOTAL Billed	14,694,863	1,128,982,192	518,196	28,358	0.0768
42	Total Unbilled Rev.(See Instr. 6)	-14,173	4,807,989	0	0	-0.3392
43	TOTAL	14,680,690	1,133,790,181	518,196	28,330	0.0772

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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SALES OF ELECTRICITY BY RATE SCHEDULES

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6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	2LGAH-Large General Space Heat	22,136	1,509,763	11	2,012,364	0.0682
2	2LGHH-Large General Heat	1,242	84,378	1	1,242,000	0.0679
3	2LGSG-Large General Service	43,377	2,748,377	9	4,819,667	0.0634
4	2LGSH-Large General Service	172,918	11,738,947	66	2,619,970	0.0679
5	2MGAH-Medium Gen Space Heat	2,729	262,337	5	545,800	0.0961
6	2MGHH-Medium General Heat	415	36,556	2	207,500	0.0881
7	2MGSH-Medium General Service	23,423	2,137,325	144	162,660	0.0912
8	2PGSG-Large Power Service	58,289	3,204,428	1	58,289,000	0.0550
9	2PGSV-Large Power Service	16,257	836,414	1	16,257,000	0.0514
10	2SGAH-Small General Space Heat	283	28,534	14	20,214	0.1008
11	2SGHH-Small General Heat	193	21,098	6	32,167	0.1093
12	2SGSG-Small General Service		172	1		
13	2SGSH-Small General Service	14,527	1,357,439	746	19,473	0.0934
14	Ash Grove Aggregate		-6,578			
15	Fuel Clause Accrual		-128,022			
16	Unbilled Revenue	275	80,056			0.2911
17	Total KS Industrial	356,064	23,911,224	1,007	353,589	0.0672
18						
19	1MLCL-Municipal St Light	229	35,780	1	229,000	0.1562
20	1MLML-Municipal St Light MV	8	1,675	4	2,000	0.2094
21	1MLSL-Municipal St Light HP	3,631	1,046,114	17	213,588	0.2881
22	1TSLM-Traffic Signal Light	119	40,539	2	59,500	0.3407
23	3MLCL-Municipal St Light	70	10,628	8	8,750	0.1518
24	3MLML-Municipal St Light MV	1	186	1	1,000	0.1860
25	3MLSL-Municipal St Light HP	1,696	371,111	37	45,838	0.2188
26	Kansas City Parks	63	3,022			0.0480
27	KCMO School Parking Lots	646	36,686			0.0568
28	Kansas City St Lights	63,258	3,640,483			0.0575
29	Excess Gross Margin		534			
30	Total MO Public Street Lights	69,721	5,186,758	70	996,014	0.0744
31						
32	2MLCL-Municipal St Light	7	1,215	1	7,000	0.1736
33	2MLIL-Municipal St Light	129	20,156	15	8,600	0.1562
34	2MLML-Municipal St Light MV	828	145,922	27	30,667	0.1762
35	2MLSL-Municipal St Light HP	13,274	4,263,947	45	294,978	0.3212
36	2MOSL-Municipal St Light	44	43,350	2	22,000	0.9852
37	2TSLM-Traffic Signal Light	2,918	1,219,105	14	208,429	0.4178
38	Fuel Clause Accrual		-1,182			
39	Total KS Public Street Lights	17,200	5,692,513	104	165,385	0.3310
40						
41	TOTAL Billed	14,694,863	1,128,982,192	518,196	28,358	0.0768
42	Total Unbilled Rev.(See Instr. 6)	-14,173	4,807,989	0	0	-0.3392
43	TOTAL	14,680,690	1,133,790,181	518,196	28,330	0.0772

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SALES OF ELECTRICITY BY RATE SCHEDULES

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Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Instruction Note (5)					
2	Fuel Clause Revenue Billed					
3	Residential		33,161,978			
4	Commercial		37,858,975			
5	Industrial		4,275,176			
6	Public Street Lights		204,077			
7	Total Fuel Clause Revenue Billed		75,500,206			
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40						
41	TOTAL Billed	14,694,863	1,128,982,192	518,196	28,358	0.0768
42	Total Unbilled Rev.(See Instr. 6)	-14,173	4,807,989	0	0	-0.3392
43	TOTAL	14,680,690	1,133,790,181	518,196	28,330	0.0772

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	9,136,142	5,790,599
5	(501) Fuel	218,502,765	207,416,889
6	(502) Steam Expenses	15,609,179	13,210,508
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	6,520,926	6,573,251
10	(506) Miscellaneous Steam Power Expenses	10,595,342	11,724,140
11	(507) Rents	146,172	192,421
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	260,510,526	244,907,808
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	5,841,667	4,805,246
16	(511) Maintenance of Structures	4,404,072	3,702,226
17	(512) Maintenance of Boiler Plant	25,832,366	31,047,554
18	(513) Maintenance of Electric Plant	3,713,112	4,075,818
19	(514) Maintenance of Miscellaneous Steam Plant	186,513	440,625
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	39,977,730	44,071,469
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	300,488,256	288,979,277
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	6,065,017	6,478,115
25	(518) Fuel	20,016,098	18,244,344
26	(519) Coolants and Water	2,447,327	2,028,423
27	(520) Steam Expenses	13,044,482	11,765,572
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	931,434	834,422
31	(524) Miscellaneous Nuclear Power Expenses	21,563,483	20,072,922
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)	64,067,841	59,423,798
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	6,924,082	5,795,498
36	(529) Maintenance of Structures	2,133,684	2,021,409
37	(530) Maintenance of Reactor Plant Equipment	4,599,469	6,226,098
38	(531) Maintenance of Electric Plant	4,251,519	4,487,468
39	(532) Maintenance of Miscellaneous Nuclear Plant	2,391,381	2,094,685
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	20,300,135	20,625,158
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	84,367,976	80,048,956
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	1,780,264	1,836,719
63	(547) Fuel	12,732,764	27,661,733
64	(548) Generation Expenses	1,213,565	670,237
65	(549) Miscellaneous Other Power Generation Expenses	7,819,244	110,392
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	23,545,837	30,279,081
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	1,932,148	1,237,028
70	(552) Maintenance of Structures	68,920	104,103
71	(553) Maintenance of Generating and Electric Plant	893,598	337,616
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	35,684	7,463
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	2,930,350	1,686,210
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	26,476,187	31,965,291
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	70,799,230	118,978,001
77	(556) System Control and Load Dispatching	1,901,852	2,236,356
78	(557) Other Expenses	4,406,027	5,373,941
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	77,107,109	126,588,298
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	488,439,528	527,581,822
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	1,689,989	1,990,587
84	(561) Load Dispatching	37,318	323,801
85	(561.1) Load Dispatch-Reliability		188
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	512,493	220,081
87	(561.3) Load Dispatch-Transmission Service and Scheduling	173,863	68,295
88	(561.4) Scheduling, System Control and Dispatch Services	2,498,396	2,662,340
89	(561.5) Reliability, Planning and Standards Development	23,520	29,325
90	(561.6) Transmission Service Studies	13,073	49,982
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	326,742	317,312
93	(562) Station Expenses	300,630	158,578
94	(563) Overhead Lines Expenses	232,783	196,163
95	(564) Underground Lines Expenses	17	1,504
96	(565) Transmission of Electricity by Others	12,349,274	11,119,962
97	(566) Miscellaneous Transmission Expenses	2,014,844	3,025,751
98	(567) Rents	2,424,391	2,440,730
99	TOTAL Operation (Enter Total of lines 83 thru 98)	22,597,333	22,604,599
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	14,145	3,819
102	(569) Maintenance of Structures	27,542	49,586
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	497,463	443,708
108	(571) Maintenance of Overhead Lines	1,919,140	1,536,275
109	(572) Maintenance of Underground Lines	128,063	9,371
110	(573) Maintenance of Miscellaneous Transmission Plant		
111	TOTAL Maintenance (Total of lines 101 thru 110)	2,586,353	2,042,759
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	25,183,686	24,647,358

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation	34,200	6,633
117	(575.3) Transmission Rights Market Facilitation		97
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	2,462,502	2,576,936
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	2,496,702	2,583,666
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		199,681
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		199,681
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	2,496,702	2,783,347
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	2,579,175	2,078,321
135	(581) Load Dispatching	1,032,010	1,215,897
136	(582) Station Expenses	512,108	68,563
137	(583) Overhead Line Expenses	1,485,854	3,412,033
138	(584) Underground Line Expenses	2,004,864	3,038,020
139	(585) Street Lighting and Signal System Expenses	12,147	58,999
140	(586) Meter Expenses	1,575,926	1,509,744
141	(587) Customer Installations Expenses	399,516	345,094
142	(588) Miscellaneous Expenses	12,855,101	8,118,972
143	(589) Rents	47,287	51,431
144	TOTAL Operation (Enter Total of lines 134 thru 143)	22,503,988	19,897,074
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	70,834	119,961
147	(591) Maintenance of Structures	1,141,122	235,574
148	(592) Maintenance of Station Equipment	806,804	1,195,514
149	(593) Maintenance of Overhead Lines	16,776,706	13,880,103
150	(594) Maintenance of Underground Lines	2,273,338	3,176,795
151	(595) Maintenance of Line Transformers	1,102,889	1,486,042
152	(596) Maintenance of Street Lighting and Signal Systems	1,291,246	1,467,909
153	(597) Maintenance of Meters	439,900	619,336
154	(598) Maintenance of Miscellaneous Distribution Plant	345,080	703,528
155	TOTAL Maintenance (Total of lines 146 thru 154)	24,247,919	22,884,762
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	46,751,907	42,781,836
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,307,478	467,990
160	(902) Meter Reading Expenses	4,081,210	4,109,830
161	(903) Customer Records and Collection Expenses	12,163,465	11,197,895
162	(904) Uncollectible Accounts		
163	(905) Miscellaneous Customer Accounts Expenses	2,371	4,657
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	17,554,524	15,780,372

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	351,176	790
168	(908) Customer Assistance Expenses	7,332,663	3,522,274
169	(909) Informational and Instructional Expenses	26,533	1,035,478
170	(910) Miscellaneous Customer Service and Informational Expenses	793,492	27,645
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	8,503,864	4,586,187
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	77,055	8,795
175	(912) Demonstrating and Selling Expenses	783,673	849,933
176	(913) Advertising Expenses	13,546	566
177	(916) Miscellaneous Sales Expenses	100,872	105,733
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	975,146	965,027
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	41,428,417	39,404,888
182	(921) Office Supplies and Expenses	1,719,630	5,126,681
183	(Less) (922) Administrative Expenses Transferred-Credit	7,785,174	2,857,811
184	(923) Outside Services Employed	9,989,087	12,214,860
185	(924) Property Insurance	2,825,832	2,470,035
186	(925) Injuries and Damages	6,873,749	10,116,091
187	(926) Employee Pensions and Benefits	60,579,650	63,342,544
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	6,676,498	5,290,324
190	(929) (Less) Duplicate Charges-Cr.	-131	-32
191	(930.1) General Advertising Expenses	238,994	781,812
192	(930.2) Miscellaneous General Expenses	6,966,469	7,211,457
193	(931) Rents	7,931,737	5,584,465
194	TOTAL Operation (Enter Total of lines 181 thru 193)	137,445,020	148,685,378
195	Maintenance		
196	(935) Maintenance of General Plant	4,648,251	7,720,377
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	142,093,271	156,405,755
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	731,998,628	775,531,704

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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	78,215,465		
4	Transmission	2,835,188		
5	Regional Market			
6	Distribution	14,670,098		
7	Customer Accounts	9,742,970		
8	Customer Service and Informational	1,782,980		
9	Sales	652,243		
10	Administrative and General	37,138,130		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	145,037,074		
12	Maintenance			
13	Production	15,749,529		
14	Transmission	344,983		
15	Regional Market			
16	Distribution	6,341,148		
17	Administrative and General	148,752		
18	TOTAL Maintenance (Total of lines 13 thru 17)	22,584,412		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	93,964,994		
21	Transmission (Enter Total of lines 4 and 14)	3,180,171		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	21,011,246		
24	Customer Accounts (Transcribe from line 7)	9,742,970		
25	Customer Service and Informational (Transcribe from line 8)	1,782,980		
26	Sales (Transcribe from line 9)	652,243		
27	Administrative and General (Enter Total of lines 10 and 17)	37,286,882		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	167,621,486	3,307,078	170,928,564
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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Kansas City Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	167,621,486	3,307,078	170,928,564
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	37,101,824	7,849,257	44,951,081
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	37,101,824	7,849,257	44,951,081
72	Plant Removal (By Utility Departments)			
73	Electric Plant	2,918,225	30,899	2,949,124
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,918,225	30,899	2,949,124
77	Other Accounts (Specify, provide details in footnote):			
78	Misc Income Deductions	1,414,159	-2,453	1,411,706
79	Unit Trains	62,112	-233	61,879
80	Temporary Facilities	10,152	-27	10,125
81	Miscellaneous & Billing Work Orders	2,573,655	4,196	2,577,851
82				
83	Nuclear Fuel (120100)	258,163	-6,854	251,309
84	Deferred Customer Programs	211,989	-607	211,382
85				
86	Deferred Merger Costs	285,341	-1,385	283,956
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	4,815,571	-7,363	4,808,208
96	TOTAL SALARIES AND WAGES	212,457,106	11,179,871	223,636,977

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNION ELECTRIC COMPANY	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440-Residential Sales					
2	Residential No. 1	13,327,547	968,071,485	998,581	13,346	0.0726
3	Residential T-O-D	37,160	8,147,761	34,781	1,068	0.2193
4	Variation in Unbilled	48,623	5,494,000			0.1130
5	Total Residential Sales	13,413,330	981,713,246	1,033,362	12,980	0.0732
6	Account 442-Commercial Sales					
7	Large Gen. Serv. No. 3	7,080,575	423,487,422	7,963	889,184	0.0598
8	General Service No. 2	3,376,730	246,751,395	124,011	27,229	0.0731
9	Primary Service No. 4	3,890,001	194,220,128	436	8,922,021	0.0499
10	Dusk-to-Dawn No. 6*	59,876	9,000,744	15,687	3,817	0.1503
11	Priv. Ornamental St. Lighting No.	-15	-898			0.0599
12	Variation in Unbilled	103,011	7,214,000			0.0700
13	Total Commercial Sales	14,510,178	880,672,791	148,097	97,978	0.0607
14	Account 442-Industrial Sales					
15	Large Gen. Serv. No. 3	942,887	59,330,101	959	983,198	0.0629
16	General Service No. 2	116,762	8,256,460	2,982	39,156	0.0707
17	Primary Service No. 4	3,526,103	162,418,093	206	17,117,005	0.0461
18	Customer Owned Lighting No. 6	1,207	159,804	437	2,762	0.1324
19	Contract Rate	2,217,306	75,502,228	1	2,217,306,000	0.0341
20	Variation in Unbilled	233,135	8,653,000			0.0371
21	Total Industrial Sales	7,037,400	314,319,686	4,585	1,534,875	0.0447
22	Account 444-Public					
23	Street & Highway Lighting					
24	Unmetered St. Ltg.-No. 5	61,455	11,683,148	405	151,741	0.1901
25	Metered St. Ltg.-No. 6/7	71,590	2,584,802	1,163	61,556	0.0361
26	Variation in Unbilled	4,070	420,000			0.1032
27	Total Public Street/Mun. Lighting	137,115	14,687,950	1,568	87,446	0.1071
28	Account 445					
29	Other Public Authorities					
30	Contract Rate*	251	63,093	1	251,000	0.2514
31	Variation in Unbilled					
32	Total Other Public Authorities	251	63,093	1	251,000	0.2514
33						
34						
35	*Unmetered Sales					
36						
37						
38						
39						
40						
41	TOTAL Billed	34,709,435	2,169,675,766	1,187,613	29,226	0.0625
42	Total Unbilled Rev.(See Instr. 6)	388,839	21,781,000	0	0	0.0560
43	TOTAL	35,098,274	2,191,456,766	1,187,613	29,554	0.0624

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UNION ELECTRIC COMPANY	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	7,477,254	7,476,456
5	(501) Fuel	584,181,684	562,232,403
6	(502) Steam Expenses	25,048,088	23,573,034
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	8,531,249	8,917,706
10	(506) Miscellaneous Steam Power Expenses	15,418,962	16,685,168
11	(507) Rents	17,940	83,772
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	640,675,177	618,968,539
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	10,472,861	10,486,805
16	(511) Maintenance of Structures	8,367,656	7,176,796
17	(512) Maintenance of Boiler Plant	60,060,960	76,668,509
18	(513) Maintenance of Electric Plant	7,370,012	13,469,438
19	(514) Maintenance of Miscellaneous Steam Plant	13,198,067	12,421,664
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	99,469,556	120,223,212
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	740,144,733	739,191,751
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	29,447,244	29,562,448
25	(518) Fuel	63,136,663	46,256,688
26	(519) Coolants and Water		691
27	(520) Steam Expenses	460	-1,265
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	-23,406	73,514
31	(524) Miscellaneous Nuclear Power Expenses	39,744,969	60,971,801
32	(525) Rents		63
33	TOTAL Operation (Enter Total of lines 24 thru 32)	132,305,930	136,863,940
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	17,547,948	13,490,060
36	(529) Maintenance of Structures	6,387,617	10,168,537
37	(530) Maintenance of Reactor Plant Equipment	7,594,291	21,767,638
38	(531) Maintenance of Electric Plant	5,928,414	10,246,550
39	(532) Maintenance of Miscellaneous Nuclear Plant	5,138,527	7,318,756
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	42,596,797	62,991,541
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	174,902,727	199,855,481
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	1,055,687	703,656
45	(536) Water for Power	264,616	414,393
46	(537) Hydraulic Expenses	912,353	1,010,158
47	(538) Electric Expenses	971,553	999,384
48	(539) Miscellaneous Hydraulic Power Generation Expenses	3,912,250	4,716,861
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	7,116,459	7,844,452
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	1,079,915	867,595
54	(542) Maintenance of Structures	1,053,043	1,078,102
55	(543) Maintenance of Reservoirs, Dams, and Waterways	3,832,631	601,645
56	(544) Maintenance of Electric Plant	1,545,488	2,727,693
57	(545) Maintenance of Miscellaneous Hydraulic Plant	1,667,816	1,745,461
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	9,178,893	7,020,496
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	16,295,352	14,864,948

 - Privileged Data

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	1,217,005	795,913
63	(547) Fuel	23,584,759	46,865,014
64	(548) Generation Expenses	1,604,649	1,353,862
65	(549) Miscellaneous Other Power Generation Expenses	1,008,608	823,423
66	(550) Rents	197	60
67	TOTAL Operation (Enter Total of lines 62 thru 66)	27,415,218	49,838,272
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	1,115,696	453
70	(552) Maintenance of Structures	670,281	550,025
71	(553) Maintenance of Generating and Electric Plant	5,054,269	7,511,417
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	448,004	382,161
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	7,288,250	8,444,056
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	34,703,468	58,282,328
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	97,654,276	137,372,116
77	(556) System Control and Load Dispatching		713
78	(557) Other Expenses	-17,426,915	14,409,144
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	80,227,361	151,781,973
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	1,046,273,641	1,163,976,481
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	1,112,832	1,245,457
84	(561) Load Dispatching	338,817	79,620
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	2,236,632	1,814,103
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services	5,883,929	6,929,838
89	(561.5) Reliability, Planning and Standards Development	386,709	386,157
90	(561.6) Transmission Service Studies		70
91	(561.7) Generation Interconnection Studies	-3,126	1,690
92	(561.8) Reliability, Planning and Standards Development Services	423,070	498,272
93	(562) Station Expenses	306,914	312,674
94	(563) Overhead Lines Expenses	6,334	-2,076
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	15,756,920	14,247,584
97	(566) Miscellaneous Transmission Expenses	2,945,616	2,604,842
98	(567) Rents	1,664,764	2,043,395
99	TOTAL Operation (Enter Total of lines 83 thru 98)	31,059,411	30,161,626
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	777,941	422,977
102	(569) Maintenance of Structures	499,541	590,948
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	1,434,706	2,074,043
108	(571) Maintenance of Overhead Lines	4,504,148	3,911,429
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	1,789,322	1,531,949
111	TOTAL Maintenance (Total of lines 101 thru 110)	9,005,658	8,531,346
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	40,065,069	38,692,972

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	10,313,423	8,379,355
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	10,313,423	8,379,355
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	10,313,423	8,379,355
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	3,319,767	4,407,620
135	(581) Load Dispatching	4,103,326	4,321,134
136	(582) Station Expenses	4,246,093	4,997,905
137	(583) Overhead Line Expenses	7,616,640	7,904,856
138	(584) Underground Line Expenses	3,243,556	2,751,414
139	(585) Street Lighting and Signal System Expenses	620,941	719,036
140	(586) Meter Expenses	5,409,340	5,491,137
141	(587) Customer Installations Expenses	1,590,121	1,614,583
142	(588) Miscellaneous Expenses	36,507,562	33,650,490
143	(589) Rents	283,877	504,885
144	TOTAL Operation (Enter Total of lines 134 thru 143)	66,941,223	66,363,060
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	3,316,760	3,196,950
147	(591) Maintenance of Structures	424,889	1,003,414
148	(592) Maintenance of Station Equipment	16,155,483	16,073,604
149	(593) Maintenance of Overhead Lines	86,504,423	44,017,904
150	(594) Maintenance of Underground Lines	9,685,592	8,205,024
151	(595) Maintenance of Line Transformers	1,864,790	1,979,161
152	(596) Maintenance of Street Lighting and Signal Systems	3,007,170	2,867,551
153	(597) Maintenance of Meters	747,971	737,070
154	(598) Maintenance of Miscellaneous Distribution Plant	2,597,936	2,914,162
155	TOTAL Maintenance (Total of lines 146 thru 154)	124,305,014	80,994,840
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	191,246,237	147,357,900
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,964,815	1,723,472
160	(902) Meter Reading Expenses	17,688,852	17,483,238
161	(903) Customer Records and Collection Expenses	22,713,638	23,468,942
162	(904) Uncollectible Accounts	7,707,000	11,942,000
163	(905) Miscellaneous Customer Accounts Expenses	200,456	308,130
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	50,274,761	54,925,782

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNION ELECTRIC COMPANY	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	48,303	44,836
168	(908) Customer Assistance Expenses	4,552,748	2,998,104
169	(909) Informational and Instructional Expenses	4,473,454	5,211,915
170	(910) Miscellaneous Customer Service and Informational Expenses	3,303,396	2,469,747
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	12,377,901	10,724,602
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	50,596	67,849
175	(912) Demonstrating and Selling Expenses	403,192	1,016,614
176	(913) Advertising Expenses		628
177	(916) Miscellaneous Sales Expenses	77,817	60,579
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	531,605	1,145,670
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	56,322,517	64,092,462
182	(921) Office Supplies and Expenses	27,235,669	20,894,771
183	(Less) (922) Administrative Expenses Transferred-Credit	4,205,302	3,839,393
184	(923) Outside Services Employed	31,686,260	36,576,488
185	(924) Property Insurance	11,087,697	13,731,841
186	(925) Injuries and Damages	8,172,095	10,363,512
187	(926) Employee Pensions and Benefits	80,158,501	96,460,926
188	(927) Franchise Requirements	1,363	-16,638
189	(928) Regulatory Commission Expenses	16,133,241	10,861,078
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	1,030,580	934,241
192	(930.2) Miscellaneous General Expenses	9,638,063	7,197,121
193	(931) Rents	8,138,859	8,405,047
194	TOTAL Operation (Enter Total of lines 181 thru 193)	245,399,543	265,661,456
195	Maintenance		
196	(935) Maintenance of General Plant	5,228,029	7,025,492
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	250,627,572	272,686,948
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,601,710,209	1,697,889,710

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNION ELECTRIC COMPANY	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	120,874,238		
4	Transmission	3,683,937		
5	Regional Market			
6	Distribution	31,107,044		
7	Customer Accounts	14,738,859		
8	Customer Service and Informational	4,585,799		
9	Sales	264,294		
10	Administrative and General	46,047,318		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	221,301,489		
12	Maintenance			
13	Production	80,367,046		
14	Transmission	2,996,644		
15	Regional Market			
16	Distribution	42,452,581		
17	Administrative and General	2,420,759		
18	TOTAL Maintenance (Total of lines 13 thru 17)	128,237,030		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	201,241,284		
21	Transmission (Enter Total of lines 4 and 14)	6,680,581		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	73,559,625		
24	Customer Accounts (Transcribe from line 7)	14,738,859		
25	Customer Service and Informational (Transcribe from line 8)	4,585,799		
26	Sales (Transcribe from line 9)	264,294		
27	Administrative and General (Enter Total of lines 10 and 17)	48,468,077		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	349,538,519	10,663,921	360,202,440
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	656,432		
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	4,999,104		
37	Customer Accounts	3,534,098		
38	Customer Service and Informational	611,323		
39	Sales	86,178		
40	Administrative and General	3,077,508		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	12,964,643		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
UNION ELECTRIC COMPANY	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	1,871,309		
49	Administrative and General	95,555		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	1,966,864		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	656,432		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)	6,870,413		
58	Customer Accounts (Line 37)	3,534,098		
59	Customer Service and Informational (Line 38)	611,323		
60	Sales (Line 39)	86,178		
61	Administrative and General (Lines 40 and 49)	3,173,063		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	14,931,507	418,381	15,349,888
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	364,470,026	11,082,302	375,552,328
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	92,170,846	7,735,172	99,906,018
69	Gas Plant	5,137,658	431,163	5,568,821
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	97,308,504	8,166,335	105,474,839
72	Plant Removal (By Utility Departments)			
73	Electric Plant	11,019,142	159,251	11,178,393
74	Gas Plant	37,459	541	38,000
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	11,056,601	159,792	11,216,393
77	Other Accounts (Specify, provide details in footnote):			
78	Other Work in Progress	62,920	1,751	64,671
79				
80				
81	MO Social Programs	18,906		18,906
82	Other Income & Deductions	-1,335,325		-1,335,325
83	Legal Expenses-Accrued	30,800		30,800
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	-1,222,699	1,751	-1,220,948
96	TOTAL SALARIES AND WAGES	471,612,432	19,410,180	491,022,612

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Residential Sales					
2	FD	17,531,930	1,901,049,406	1,206,812	14,527	0.1084
3	FDT	7,696	716,057	417	18,456	0.0930
4	FDE	387,164	35,620,507	17,244	22,452	0.0920
5	FPL	144,681	24,291,782	3,527	41,021	0.1679
6	TOTAL (Residential)	18,071,471	1,961,677,752	(1) 1,228,000	14,716	0.1086
7	Commercial					
8	Small (Commercial)					
9	LPS	340,768	66,608,450	83,359	4,088	0.1955
10	LPM	4,234,300	497,046,096	55,136	76,797	0.1174
11	LPL	2,320,537	150,915,971	183	12,680,530	0.0650
12	LFS	87,458	10,044,894	6,059	14,434	0.1149
13	LAF	19,438	3,134,777	1,493	13,019	0.1613
14	FPL	358,605	62,583,495	10,911	32,866	0.1745
15	SCH	393,346	37,761,996	1,839	213,891	0.0960
16	LPTL	355,703	25,106,956	96	3,705,240	0.0706
17	BEVT	748	87,858	17	44,000	0.1175
18	ASL	27,547	2,624,422	254	108,453	0.0953
19	LTU	31,716	2,676,194	926	34,251	0.0844
20	CFTU	28,629	2,015,803	654	43,775	0.0704
21	LPTS	41,107	4,309,628	266	154,538	0.1048
22	FIRTU	758	68,363	17	44,588	0.0902
23	FSTU	258,747	21,666,309	519	498,549	0.0837
24	GRTU	348,794	26,274,948	135	2,583,659	0.0753
25	HMTU	50,557	4,377,178	45	1,123,489	0.0866
26	HLTU	37,873	2,771,369	12	3,156,083	0.0732
27	LMTU	80,547	6,775,926	136	592,257	0.0841
28	LLTU	21,747	1,703,199	9	2,416,333	0.0783
29	RMTU	275,711	23,022,933	361	763,742	0.0835
30	RLTU	28,566	2,239,617	10	2,856,600	0.0784
31	LPSE	1,529,624	185,147,161	33,483	45,684	0.1210
32	LPME	2,233,278	213,539,995	4,807	464,589	0.0956
33	LPLE	1,008,749	70,510,273	159	6,344,333	0.0699
34	LPTM	61,542	5,929,335	45	1,367,600	0.0963
35	TSTU	9,224	658,221	31	297,548	0.0714
36	TOTAL Small (Commercial)	14,185,619	1,429,601,367	(5) 200,962	70,589	0.1008
37	Large (or Industrial)					
38	LPM	667,927	76,549,018	3,820	174,850	0.1146
39	LPLM	7,502,046	432,732,056	244	30,746,090	0.0577
40	LPL	1,845,262	117,894,910	117	15,771,470	0.0639
41	TOTAL Billed	50,595,628	4,461,531,145	0	0	0.0882
42	Total Unbilled Rev.(See Instr. 6)	434,435	35,549,721	0	0	0.0818
43	TOTAL	51,030,063	4,497,080,866	0	0	0.0881

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	LPTL	1,223,093	81,442,855	279	4,383,846	0.0666
2	OFP	46,126	3,522,858	46	1,002,739	0.0764
3	PG	6,736	827,553	120	56,133	0.1229
4	HLF	4,344,880	178,662,692	15	289,658,667	0.0411
5	MTU	448,088	27,114,361	6	74,681,333	0.0605
6	XTP	3,187	338,858	6	531,167	0.1063
7	RTP	1,127,241	61,262,841	27	41,749,667	0.0543
8	XWP	663	56,448	3	221,000	0.0851
9	PTU	47,055	3,358,981	12	3,921,250	0.0714
10	LPTS	100,458	10,401,997	448	224,237	0.1035
11	LPTM	92,181	9,145,235	121	761,826	0.0992
12	TXTU	27,587	2,030,985	10	2,758,700	0.0736
13	SCGTU	158,642	10,001,516	37	4,287,622	0.0630
14	PMTU	475,340	29,282,809	45	10,563,111	0.0616
15	FMTU	278,960	20,773,984	102	2,734,902	0.0745
16	LPSE	13,647	1,653,379	265	51,498	0.1212
17	LPME	90,439	9,325,025	180	502,439	0.1031
18	LPLE	54,216	3,710,446	7	7,745,143	0.0684
19	RETLM	254	19,642			0.0773
20	TST	1,351	99,183	4	337,750	0.0734
21	TOTAL Large (Industrial)	18,555,379	1,080,207,632	(3) 5,914	3,137,534	0.0582
22	Public Street and					
23	Highway Lighting					
24	SLM	194,651	23,883,271	416	467,911	0.1227
25	TS	19,450	1,471,753	319	60,972	0.0757
26						
27	TOTAL	214,101	25,355,024	(4) 735	291,294	0.1184
28						
29	Interdepartmental					
30	LPTL	3,493	239,091	1	3,493,000	0.0684
31	TOTAL	3,493	239,091	(5) 1	3,493,000	0.0684
32						
33	*Unbilled Revenues Included					
34	Above					
35						
36	*For estimated Additional					
37	revenue pursuant to fuel					
38						
39				Total (1)+(2)+(3)+(4)+(5)		
40						
41	TOTAL Billed	50,595,628	4,461,531,145	1,435,612 0	0	0.0882
42	Total Unbilled Rev.(See Instr. 6)	434,435	35,549,721	0	0	0.0818
43	TOTAL	51,030,063	4,497,080,866	0	0	0.0881

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	24,596,253	28,469,442
5	(501) Fuel	1,189,439,324	1,363,092,246
6	(502) Steam Expenses	20,676,618	21,629,889
7	(503) Steam from Other Sources	-9	3,942
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	7,308,503	7,662,509
10	(506) Miscellaneous Steam Power Expenses	58,033,433	54,719,228
11	(507) Rents	4,185,301	4,194,455
12	(509) Allowances	15,054,976	1,393,495
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	1,319,294,399	1,481,165,206
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	12,453,116	12,490,827
16	(511) Maintenance of Structures	12,734,916	16,483,019
17	(512) Maintenance of Boiler Plant	97,952,315	104,345,471
18	(513) Maintenance of Electric Plant	16,647,190	22,536,956
19	(514) Maintenance of Miscellaneous Steam Plant	6,485,171	6,660,965
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	146,272,708	162,517,238
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	1,465,567,107	1,643,682,444
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	64,797,760	69,351,571
25	(518) Fuel	78,411,987	69,947,456
26	(519) Coolants and Water	693,365	842,238
27	(520) Steam Expenses	12,417,739	12,862,264
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	1,766,121	1,736,155
31	(524) Miscellaneous Nuclear Power Expenses	25,419,616	29,778,542
32	(525) Rents	460,597	549,110
33	TOTAL Operation (Enter Total of lines 24 thru 32)	183,967,185	185,067,336
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	25,527,037	20,381,116
36	(529) Maintenance of Structures	1,396,870	2,228,122
37	(530) Maintenance of Reactor Plant Equipment	36,673,545	35,694,765
38	(531) Maintenance of Electric Plant	7,181,846	5,726,651
39	(532) Maintenance of Miscellaneous Nuclear Plant	8,670,247	9,402,844
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	79,449,545	73,433,498
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	263,416,730	258,500,834
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	5,451,169	9,417,178
45	(536) Water for Power	439,859	439,688
46	(537) Hydraulic Expenses	1,626,478	1,957,583
47	(538) Electric Expenses	408,046	392,861
48	(539) Miscellaneous Hydraulic Power Generation Expenses	5,657,300	5,922,842
49	(540) Rents	1,927,400	182,184
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	15,510,252	18,312,336
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	1,000,401	935,283
54	(542) Maintenance of Structures	1,300,879	1,526,864
55	(543) Maintenance of Reservoirs, Dams, and Waterways	2,285,089	2,975,312
56	(544) Maintenance of Electric Plant	1,993,687	2,261,782
57	(545) Maintenance of Miscellaneous Hydraulic Plant	1,484,715	1,170,852
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	8,064,771	8,870,093
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	23,575,023	27,182,429

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	3,082,806	4,589,492
63	(547) Fuel	462,883,584	599,567,974
64	(548) Generation Expenses	2,315,956	2,412,001
65	(549) Miscellaneous Other Power Generation Expenses	1,721,296	1,683,206
66	(550) Rents	78	
67	TOTAL Operation (Enter Total of lines 62 thru 66)	470,003,720	608,252,673
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	1,146,019	1,539,302
70	(552) Maintenance of Structures	703,148	667,760
71	(553) Maintenance of Generating and Electric Plant	10,929,257	9,436,914
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	567,605	853,715
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	13,346,029	12,497,691
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	483,349,749	620,750,364
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	378,756,348	688,318,175
77	(556) System Control and Load Dispatching	9,621,051	11,092,671
78	(557) Other Expenses	5,871,293	6,848,958
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	394,248,692	706,259,804
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	2,630,157,301	3,256,375,875
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	6,181,794	7,193,655
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability	790,646	260,400
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	6,180,166	8,585,451
87	(561.3) Load Dispatch-Transmission Service and Scheduling	1,816,955	495,699
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	1,159,213	2,481,412
90	(561.6) Transmission Service Studies	253,684	393,759
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	488,145	763,149
94	(563) Overhead Lines Expenses	1,509,758	2,072,752
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	677,793	1,182,433
97	(566) Miscellaneous Transmission Expenses	6,880,030	6,969,370
98	(567) Rents	2,006,438	1,897,601
99	TOTAL Operation (Enter Total of lines 83 thru 98)	27,944,622	32,295,681
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	3,045,785	3,343,369
102	(569) Maintenance of Structures	543,097	402,621
103	(569.1) Maintenance of Computer Hardware	182,216	36,570
104	(569.2) Maintenance of Computer Software	1,007,044	346,408
105	(569.3) Maintenance of Communication Equipment	116,327	127,892
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	6,734,845	7,772,841
108	(571) Maintenance of Overhead Lines	32,526,407	34,469,089
109	(572) Maintenance of Underground Lines	1,051,488	130,988
110	(573) Maintenance of Miscellaneous Transmission Plant	9,026	111,043
111	TOTAL Maintenance (Total of lines 101 thru 110)	45,216,235	46,740,821
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	73,160,857	79,036,502

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	14,209,526	15,664,265
135	(581) Load Dispatching	3,778,124	26
136	(582) Station Expenses	2,179,512	2,908,874
137	(583) Overhead Line Expenses	4,709,933	4,729,661
138	(584) Underground Line Expenses	3,121,872	2,887,188
139	(585) Street Lighting and Signal System Expenses	3,988,352	4,133,015
140	(586) Meter Expenses	9,707,837	10,104,757
141	(587) Customer Installations Expenses	3,598,236	3,719,715
142	(588) Miscellaneous Expenses	10,227,564	14,422,452
143	(589) Rents	38,473	50,246
144	TOTAL Operation (Enter Total of lines 134 thru 143)	55,559,429	58,620,199
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	8,281,820	8,774,195
147	(591) Maintenance of Structures	628,493	139,662
148	(592) Maintenance of Station Equipment	8,027,022	8,736,326
149	(593) Maintenance of Overhead Lines	118,605,626	108,431,305
150	(594) Maintenance of Underground Lines	3,812,092	4,135,613
151	(595) Maintenance of Line Transformers	4,813,480	4,229,121
152	(596) Maintenance of Street Lighting and Signal Systems	4,026,816	3,960,774
153	(597) Maintenance of Meters	875,601	773,468
154	(598) Maintenance of Miscellaneous Distribution Plant	80,725	287,310
155	TOTAL Maintenance (Total of lines 146 thru 154)	149,151,675	139,467,774
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	204,711,104	198,087,973
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	10,176,695	12,083,755
160	(902) Meter Reading Expenses	12,648,925	15,656,004
161	(903) Customer Records and Collection Expenses	60,153,942	63,242,983
162	(904) Uncollectible Accounts	18,834,604	16,290,011
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	101,814,166	107,272,753

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	4,247,340	5,494,803
168	(908) Customer Assistance Expenses	24,577,200	26,771,529
169	(909) Informational and Instructional Expenses	1,322,264	2,567,727
170	(910) Miscellaneous Customer Service and Informational Expenses	3,545	7,268
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	30,150,349	34,841,327
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	368,253	426,831
175	(912) Demonstrating and Selling Expenses	10,585,482	13,073,632
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses	50,018	64,031
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	11,003,753	13,564,494
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	44,015,596	38,831,961
182	(921) Office Supplies and Expenses	11,270,817	16,082,038
183	(Less) (922) Administrative Expenses Transferred-Credit	4,808,160	5,266,600
184	(923) Outside Services Employed	123,100,607	120,256,620
185	(924) Property Insurance	5,926,777	5,332,077
186	(925) Injuries and Damages	16,316,131	24,183,995
187	(926) Employee Pensions and Benefits	49,906,316	56,229,242
188	(927) Franchise Requirements	245,035	224,618
189	(928) Regulatory Commission Expenses	14,074,230	13,018,985
190	(929) (Less) Duplicate Charges-Cr.	684,873	1,100,244
191	(930.1) General Advertising Expenses	4,483,466	6,685,969
192	(930.2) Miscellaneous General Expenses	6,163,543	6,116,662
193	(931) Rents	2,519,729	2,792,522
194	TOTAL Operation (Enter Total of lines 181 thru 193)	272,529,214	283,387,845
195	Maintenance		
196	(935) Maintenance of General Plant	6,936,161	8,978,096
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	279,465,375	292,365,941
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	3,330,462,905	3,981,544,865

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	75,680,843		
4	Transmission	7,671,717		
5	Regional Market			
6	Distribution	24,454,703		
7	Customer Accounts	49,380,337		
8	Customer Service and Informational	21,458,335		
9	Sales	1,927,593		
10	Administrative and General	37,878,735		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	218,452,263		
12	Maintenance			
13	Production	33,735,717		
14	Transmission	6,807,198		
15	Regional Market			
16	Distribution	23,915,141		
17	Administrative and General	580,146		
18	TOTAL Maintenance (Total of lines 13 thru 17)	65,038,202		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	109,416,560		
21	Transmission (Enter Total of lines 4 and 14)	14,478,915		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	48,369,844		
24	Customer Accounts (Transcribe from line 7)	49,380,337		
25	Customer Service and Informational (Transcribe from line 8)	21,458,335		
26	Sales (Transcribe from line 9)	1,927,593		
27	Administrative and General (Enter Total of lines 10 and 17)	38,458,881		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	283,490,465	50,830,106	334,320,571
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
ALABAMA POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	12/31/2009	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance	1,378,603	95,896	1,474,499
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	284,869,068	50,926,002	335,795,070
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	122,691,980	42,158,550	164,850,530
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	122,691,980	42,158,550	164,850,530
72	Plant Removal (By Utility Departments)			
73	Electric Plant		439,853	439,853
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)		439,853	439,853
77	Other Accounts (Specify, provide details in footnote):			
78	Merchandise	7,389,407	3,909,784	11,299,191
79	Injuries & Damages		253,690	253,690
80	Materials & Supplies		1,698,498	1,698,498
81	Automotive		712,584	712,584
82	Other Clearing Accounts	1,259,111	-9,523,215	-8,264,104
83	Other Work in Progress		5,099,765	5,099,765
84	Accounts Receivable	12,229,232	2,087,951	14,317,183
85	Other	2,135,376	2,472,447	4,607,823
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	23,013,126	6,711,504	29,724,630
96	TOTAL SALARIES AND WAGES	430,574,174	100,235,909	530,810,083

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RESIDENTIAL					
2	RS Gen. Purpose Res.	5,031,321	311,646,150	432,577	11,631	0.0619
3	RS3 Gen. Purpose Res.	5,310	318,735	328	16,189	0.0600
4	RT Opt. Res. Time-of-Use	624	36,126	55	11,345	0.0579
5	RW Gen. Purpose Res.	2,351,746	115,214,430	144,886	16,232	0.0490
6	RW3 Gen. Purpose Res.	2,304	113,667	114	20,211	0.0493
7	L4 All Night Outdoor Lighting	72,843	7,381,201	2,593	28,092	0.1013
8	M33 Rate Rider		57,845,213			
9	ECR Energy Cost Recovery Rider		127,137,133			
10	PCA Production Costs Allocation R		111,564,840			
11	EECR Energy Efficiency Cost Rate		2,329,187			
12	CA Capacity Acquisition Rider		6,419,773			
13	SDR Storm Damage Rider		8,699,000			
14	MFA Municipal Franchise Adj		19,383,841			
15	GMES Gov't Mandated Exp Srchg		26,112			
16	FLCF Federal Litig Consult Fee		372,332			
17	Miscellaneous	280	12,659	21	13,333	0.0452
18	TOTAL RESIDENTIAL	7,464,428	768,500,399	580,574	12,857	0.1030
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40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	COMMERCIAL					
2	SG1 Small Gen. Service	3,014,301	142,983,690	81,064	37,184	0.0474
3	SG2 Small Gen. Service	18,480	857,293	28	660,000	0.0464
4	SG3 Small Gen. Service	540	22,743	7	77,143	0.0421
5	SG4 Small Gen. Service	7,778	321,181	27	288,074	0.0413
6	SG7 Small Gen. Service	13,660	643,920	866	15,774	0.0471
7	GT1 Opt. LGS Time-of-Use	663,988	19,222,454	338	1,964,462	0.0290
8	GT2 Opt. LGS Time-of-Use	29,995	832,609	4	7,498,750	0.0278
9	GT4 Opt. LGS Time-of-Use	28,816	770,655	10	2,881,600	0.0267
10	IG1 LGS TOU Interruptible	2,456	51,464	1	2,456,000	0.0210
11	IG4 LGS TOU Interruptible	113,165	1,474,589	2	56,582,500	0.0130
12	LG1 Large Gen. Service	1,043,664	35,532,617	966	1,080,398	0.0340
13	LG2 Large Gen. Service	27,565	930,094	14	1,968,929	0.0337
14	LG4 Large Gen. Service	32,272	1,003,010	13	2,482,462	0.0311
15	IL1 LGS Interruptible	2,414	41,907	1	2,414,000	0.0174
16	IL3 LGS Interruptible	8,526	137,259	1	8,526,000	0.0161
17	LP1 Large Power Service	39,220	1,264,617	6	6,536,667	0.0322
18	LP2 Large Power Service	12,357	429,901	2	6,178,500	0.0348
19	LP4 Large Power Service	74,883	2,205,154	6	12,480,500	0.0294
20	PT1 Opt. LPS Time-of-Use	102,916	2,781,205	11	9,356,000	0.0270
21	PT2 Opt. LPS Time-of-Use	132,549	3,612,531	8	16,568,625	0.0273
22	PT4 Opt. LPS Time-of-Use	309,552	8,255,992	9	34,394,667	0.0267
23	IT4 LPS Time-of-Use Interruptib	16,005	211,717	1	16,005,000	0.0132
24	CTV Comm. Ant. & TV Amp.	22,653	1,140,908	2,369	9,562	0.0504
25	L4 All Night Outdoor Lighting	98,883	7,265,857	1,940	50,971	0.0735
26	M33 Rate Rider		30,978,137			
27	ECR Energy Cost Recovery Rider		95,959,072			
28	PCA Production Costs Allocation R		87,728,162			
29	EECR Energy Efficiency Cost Rate		1,586,830			
30	CA Capacity Acquisition Rider		4,562,486			
31	SDR Storm Damage Rider		4,396,230			
32	MFA Municipal Franchise Adj		16,995,060			
33	GMES Gov't Mandated Exp Srchg		18,260			
34	FLCF Federal Litig Consult Fee		310,789			
35	Miscellaneous	435	14,744	18	24,167	0.0339
36	TOTAL COMMERCIAL	5,817,073	474,543,137	(2) 87,712	66,320	0.0816
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	INDUSTRIAL					
2	FA General Farm Service	85,936	3,810,159	4,892	17,567	0.0443
3	FAC General Farm Service	53,661	2,798,161	1,208	44,421	0.0521
4	SG1 Small Gen. Service	619,739	31,095,188	10,461	59,243	0.0502
5	SG2 Small Gen. Service	48,791	2,565,571	50	975,820	0.0526
6	SG3 Small Gen. Service	4,455	169,381	25	178,200	0.0380
7	SG4 Small Gen. Service	69,624	3,271,250	55	1,265,891	0.0470
8	SG5 Small Gen. Service	41,448	2,234,028	7	5,921,143	0.0539
9	SG6 Small Gen. Service	1,651	170,589	1	1,651,000	0.1033
10	GT1 Opt. LGS Time-of-Use	231,012	6,984,729	108	2,139,000	0.0302
11	GT2 Opt. LGS Time-of-Use	26,787	881,374	8	3,348,375	0.0329
12	GT4 Opt. LGS Time-of-Use	173,540	4,401,857	57	3,044,561	0.0254
13	IG1 LGS TOU Interruptible	55,503	864,536	6	9,250,500	0.0156
14	IG3 LGS TOU Interruptible	4,357	68,798	1	4,357,000	0.0158
15	IG4 LGS TOU Interruptible	26,809	375,847	3	8,936,333	0.0140
16	LG1 Large Gen. Service	423,967	15,762,689	265	1,599,875	0.0372
17	LG2 Large Gen. Service	39,474	1,517,239	21	1,879,714	0.0384
18	LG3 Large Gen. Service	565	26,724	2	282,500	0.0473
19	LG4 Large Gen. Service	38,214	1,264,123	14	2,729,571	0.0331
20	LG5 Large Gen. Service	12,862	508,630	4	3,215,500	0.0395
21	IL1 LGS Interruptible	18,674	407,442	6	3,112,333	0.0218
22	IL2 LGS Interruptible	14,675	304,900	2	7,337,500	0.0208
23	LP1 Large Power Service	39,123	1,501,078	8	4,890,375	0.0384
24	LP2 Large Power Service	175,465	6,137,259	16	10,966,563	0.0350
25	LP4 Large Power Service	233,155	8,372,985	19	12,271,316	0.0359
26	IP2 LPS Interruptible	26,298	546,028	1	26,298,000	0.0208
27	PT1 Opt. LPS Time-of-Use	181,313	5,566,357	21	8,633,952	0.0307
28	PT2 Opt. LPS Time-of-Use	445,252	12,836,725	21	21,202,476	0.0288
29	PT4 Opt. LPS Time-of-Use	1,672,244	40,881,098	38	44,006,421	0.0244
30	PT5 Opt. LPS Time-of-Use	63,779	1,965,647	5	12,755,800	0.0308
31	PT6 Opt. LPS Time-of-Use	53,019	1,395,830	2	26,509,500	0.0263
32	IT1 LPS TOU Interruptible	8,454	158,317	1	8,454,000	0.0187
33	IT4 LPS TOU Interruptible	791,503	15,258,998	6	131,917,167	0.0193
34	IT6 LPS TOU Interruptible	391,913	5,412,123	2	195,956,500	0.0138
35	APA Irrigation Service	135,883	7,542,220	2,702	50,290	0.0555
36	APB Irrigation Service	27,288	1,897,834	1,230	22,185	0.0695
37	CGS Cotton Ginning Service	22,858	1,225,201	40	571,450	0.0536
38	L4 All Night Outdoor Lighting	14,796	1,077,870	243	60,889	0.0728
39	SS Standby Service	101,761	3,866,491			0.0380
40	C23 Cogeneration		1,080	6		
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	M33 Rate Rider		26,801,746			
2	ECR Energy Cost Recovery Rider		104,226,021			
3	PCA Production Costs Allocation R		95,854,816			
4	EECR Energy Efficiency Cost Rate		1,584,692			
5	CA Capacity Acquisition Rider		4,402,083			
6	SDR Storm Damage Rider		3,160,870			
7	MFA Municipal Franchise Adj		1,808,024			
8	GMES Gov't Mandated Exp Srchg		17,838			
9	FLCF Federal Litig Consult Fee		337,769			
10	Miscellaneous	17	737	1	17,000	0.0434
11	TOTAL INDUSTRIAL	6,375,865	433,320,952	21,558	295,754	0.0680
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40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	PUBLIC STREET & HWY LIGHT.					
2	L1 Municipal Street Lighting	69,345	5,935,955	306	226,618	0.0856
3	L1SH Municipal Shielded Street Li	46	5,888	2	23,000	0.1280
4	L2 Traffic Signal Service	7,455	344,331	251	29,701	0.0462
5	L4 All Night Outdoor Lighting	320	26,460	58	5,517	0.0827
6	M33 Rate Rider		796,217			
7	ECR Energy Cost Recovery Rider		1,290,021			
8	PCA Production Costs Allocation R		1,166,199			
9	EECR Energy Efficiency Cost Rate		12,621			
10	CA Capacity Acquisition Rider		36,007			
11	SDR Storm Damage Rider		52,208			
12	MFA Municipal Franchise Adj		8,334			
13	GMES Gov't Mandated Exp Srchg		127			
14	FLCF Federal Litig Consult Fee		4,013			
15						
16	TOTAL PUBLIC STREET & HWY	77,166	9,678,381	(4) 617	125,066	0.1254
17						
18						
19						
20						
21						
22	OTHER SALES TO					
23	PUBLIC AUTHORITIES					
24	SG1 Small Gen. Service	711	32,114	8	88,875	0.0452
25	LP4 Large Power Service	16,615	509,748	1	16,615,000	0.0307
26	LP5 Large Power Service	50,019	1,284,294	1	50,019,000	0.0257
27	PT4 Opt. LPS Time-of-Use	123,745	3,252,413	2	61,872,500	0.0263
28	L4 All Night Outdoor Lighting	9	920	3	3,000	0.1022
29	MP Municipal Pump Service	702	31,219	21	33,429	0.0445
30	M33 Rate Rider		699,139			
31	ECR Energy Cost Recovery Rider		3,125,867			
32	PCA Production Costs Allocation R		2,859,438			
33	EECR Energy Efficiency Cost Rate		45,550			
34	CA Capacity Acquisition Rider		125,470			
35	SDR Storm Damage Rider		73,542			
36	MFA Municipal Franchise Adj		2,248			
37	GMES Gov't Mandated Exp Srchg		486			
38	FLCF Federal Litig Consult Fee		10,210			
39	Miscellaneous	4	216	(5) 3	1,333	0.0540
40	TOTAL OTHER SALES	191,805	12,052,874	39	4,918,077	0.0628
				(1)+(2)+(3)+(4)+(5)		
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	690,500 0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	7,563,255	6,497,997
5	(501) Fuel	194,578,532	195,006,656
6	(502) Steam Expenses	2,334,052	2,149,877
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	2,125,451	2,642,332
10	(506) Miscellaneous Steam Power Expenses	6,884,673	7,566,807
11	(507) Rents	74,370	95,395
12	(509) Allowances	364,597	
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	213,924,930	213,959,064
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	739,556	715,523
16	(511) Maintenance of Structures	1,148,236	892,043
17	(512) Maintenance of Boiler Plant	12,973,277	12,047,183
18	(513) Maintenance of Electric Plant	12,534,944	5,047,165
19	(514) Maintenance of Miscellaneous Steam Plant	3,395,115	2,510,555
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	30,791,128	21,212,469
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	244,716,058	235,171,533
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	20,170,666	18,410,492
25	(518) Fuel	105,264,601	88,600,593
26	(519) Coolants and Water	4,272,103	4,042,118
27	(520) Steam Expenses	30,364,203	30,323,133
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses	31,074,908	27,841,194
32	(525) Rents	3,307,862	3,412,586
33	TOTAL Operation (Enter Total of lines 24 thru 32)	194,454,343	172,630,116
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	21,798,588	20,571,984
36	(529) Maintenance of Structures	1,497,596	1,803,206
37	(530) Maintenance of Reactor Plant Equipment	1,115,837	992,684
38	(531) Maintenance of Electric Plant	5,922,196	6,141,547
39	(532) Maintenance of Miscellaneous Nuclear Plant	55,596,179	42,320,331
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	85,930,396	71,829,752
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	280,384,739	244,459,868
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	280,743	276,776
45	(536) Water for Power	252,173	164,863
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses	29,334	78,606
48	(539) Miscellaneous Hydraulic Power Generation Expenses	349,625	418,155
49	(540) Rents		119
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	911,875	938,519
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	157,443	103,021
54	(542) Maintenance of Structures	44,302	13,956
55	(543) Maintenance of Reservoirs, Dams, and Waterways	566,496	453,579
56	(544) Maintenance of Electric Plant	261,803	539,345
57	(545) Maintenance of Miscellaneous Hydraulic Plant	141,216	135,745
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	1,171,260	1,245,646
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	2,083,135	2,184,165

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Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	3,031,604	162,068
63	(547) Fuel	155,729	707,786
64	(548) Generation Expenses	500,653	130,523
65	(549) Miscellaneous Other Power Generation Expenses	1,517,058	491,743
66	(550) Rents	23,491	6,547
67	TOTAL Operation (Enter Total of lines 62 thru 66)	5,228,535	1,498,667
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	401,972	97,077
70	(552) Maintenance of Structures	237,849	117,083
71	(553) Maintenance of Generating and Electric Plant	7,059,841	19,848,551
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	450,358	103,185
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	8,150,020	20,165,896
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	13,378,555	21,664,563
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	795,526,431	953,662,980
77	(556) System Control and Load Dispatching	1,154,020	1,037,265
78	(557) Other Expenses	-1,356,749	204,828
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	795,323,702	954,905,073
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	1,335,886,189	1,458,385,202
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	9,595,499	8,110,413
84	(561) Load Dispatching	1,004,174	1,130,387
85	(561.1) Load Dispatch-Reliability	325,004	327,152
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	2,074,167	2,104,173
87	(561.3) Load Dispatch-Transmission Service and Scheduling	748,091	731,299
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	648,170	607,117
90	(561.6) Transmission Service Studies	70,722	69,089
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	227,490	253,406
94	(563) Overhead Lines Expenses	343,728	455,633
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	454,167	1,298,676
97	(566) Miscellaneous Transmission Expenses	1,101,368	2,311,876
98	(567) Rents	1,547,431	1,120,294
99	TOTAL Operation (Enter Total of lines 83 thru 98)	18,140,011	18,519,515
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	4,793,123	4,460,270
102	(569) Maintenance of Structures	27,264	86,695
103	(569.1) Maintenance of Computer Hardware	364,170	504,062
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	2,753,139	2,485,144
108	(571) Maintenance of Overhead Lines	4,382,129	8,128,393
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	16,965	31,263
111	TOTAL Maintenance (Total of lines 101 thru 110)	12,336,790	15,695,827
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	30,476,801	34,215,342

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	9,277,276	8,923,099
135	(581) Load Dispatching	706,727	798,719
136	(582) Station Expenses	329,341	302,636
137	(583) Overhead Line Expenses	1,823,592	876,450
138	(584) Underground Line Expenses	1,647,488	1,616,515
139	(585) Street Lighting and Signal System Expenses	85,549	121,046
140	(586) Meter Expenses	4,039,284	4,438,699
141	(587) Customer Installations Expenses	636,009	530,039
142	(588) Miscellaneous Expenses	2,367,744	2,393,149
143	(589) Rents	1,403,106	1,308,956
144	TOTAL Operation (Enter Total of lines 134 thru 143)	22,316,116	21,309,308
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	2,288,108	2,034,082
147	(591) Maintenance of Structures	148,137	135,541
148	(592) Maintenance of Station Equipment	2,103,922	1,910,570
149	(593) Maintenance of Overhead Lines	34,015,714	82,762,017
150	(594) Maintenance of Underground Lines	2,302,279	1,749,946
151	(595) Maintenance of Line Transformers	23,616	52,074
152	(596) Maintenance of Street Lighting and Signal Systems	2,482,037	2,275,362
153	(597) Maintenance of Meters	109,253	116,343
154	(598) Maintenance of Miscellaneous Distribution Plant	1,183,509	1,235,741
155	TOTAL Maintenance (Total of lines 146 thru 154)	44,656,575	92,271,676
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	66,972,691	113,580,984
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	560,532	614,262
160	(902) Meter Reading Expenses	6,560,032	6,505,026
161	(903) Customer Records and Collection Expenses	25,616,113	25,489,331
162	(904) Uncollectible Accounts	14,485,174	6,785,021
163	(905) Miscellaneous Customer Accounts Expenses	103,284	102,433
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	47,325,135	39,496,073

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	337,441	499,284
168	(908) Customer Assistance Expenses	6,850,579	2,313,569
169	(909) Informational and Instructional Expenses	414,572	317,449
170	(910) Miscellaneous Customer Service and Informational Expenses	1,549,502	1,830,097
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	9,152,094	4,960,399
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	4,553	2,239
175	(912) Demonstrating and Selling Expenses	1,331,851	1,153,719
176	(913) Advertising Expenses	12,300	88,574
177	(916) Miscellaneous Sales Expenses	160,683	197,750
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	1,509,387	1,442,282
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	21,917,912	24,621,554
182	(921) Office Supplies and Expenses	2,934,213	8,202,357
183	(Less) (922) Administrative Expenses Transferred-Credit	4,773,159	5,179,043
184	(923) Outside Services Employed	11,998,395	12,740,104
185	(924) Property Insurance	18,489,701	3,951,998
186	(925) Injuries and Damages	3,968,432	5,240,821
187	(926) Employee Pensions and Benefits	64,841,181	65,722,017
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	4,922,932	3,835,345
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	19,638	91,270
192	(930.2) Miscellaneous General Expenses	1,489,144	-653,509
193	(931) Rents	5,648,700	5,501,802
194	TOTAL Operation (Enter Total of lines 181 thru 193)	131,457,089	124,074,716
195	Maintenance		
196	(935) Maintenance of General Plant	3,493,843	3,336,088
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	134,950,932	127,410,804
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,626,273,229	1,779,491,086

- Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	3,967,974		
4	Transmission	2,196,383		
5	Regional Market			
6	Distribution	9,377,790		
7	Customer Accounts	5,473,554		
8	Customer Service and Informational	2,956,161		
9	Sales			
10	Administrative and General	-37,017		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	23,934,845		
12	Maintenance			
13	Production	4,857,056		
14	Transmission	2,659,812		
15	Regional Market			
16	Distribution	9,788,477		
17	Administrative and General	236,368		
18	TOTAL Maintenance (Total of lines 13 thru 17)	17,541,713		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	8,825,030		
21	Transmission (Enter Total of lines 4 and 14)	4,856,195		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	19,166,267		
24	Customer Accounts (Transcribe from line 7)	5,473,554		
25	Customer Service and Informational (Transcribe from line 8)	2,956,161		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	199,351		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	41,476,558		41,476,558
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Arkansas, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	41,476,558		41,476,558
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	34,338,585		34,338,585
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	34,338,585		34,338,585
72	Plant Removal (By Utility Departments)			
73	Electric Plant	3,401,080		3,401,080
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	3,401,080		3,401,080
77	Other Accounts (Specify, provide details in footnote):			
78	Accounts Receivable Affiliate (Account 146)	8,612		8,612
79	Fuel Stock Exp Undistributed (Account 152)	3,755,597		3,755,597
80	Stores Expense Undistributed (Account 163)	2,193,060		2,193,060
81	Miscellaneous Current and Accrued Assets (Account 174)	-6,493,292		-6,493,292
82	Clearing Accounts (Account 184)	3,220,770		3,220,770
83	Miscellaneous Deferred Debits (Account 186)	-299,250		-299,250
84	Accumulated Provisions for Property Insurance (Account 228.1)	17,540,430		17,540,430
85	Accumulated Miscellaneous Operating Provisions (Account 228.4	4,295		4,295
86	Accounts Payable Affiliate (Account 234)	-31,878		-31,878
87	Deferred Credits (Account 253)	2,653,444		2,653,444
88	Civil, Political, and Related Expenses (Account 426.4)	140,360		140,360
89	Other Deductions (Account 426.5)	2,276		2,276
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	22,694,424		22,694,424
96	TOTAL SALARIES AND WAGES	101,910,647		101,910,647

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 - RESIDENTIAL SALES					
2	ENEC Refund of Bank-WV		2,494,124			
3	MGS-Medium General Service	4	400			0.1000
4	OL-Outdoor Lighting	79,226	10,856,621			0.1370
5	Provision for Refund-VA		-2,676,245			
6	RS - Residential Service	12,069,807	998,875,365	814,605	14,817	0.0828
7	RSE - Residential Emp.	39,101	3,296,289	2,143	18,246	0.0843
8	RS-LM-TOD-Load Mgmt. TOD	592	34,487	21	28,190	0.0583
9	RS-TOD-Residential TOD	2,658	220,459	140	18,986	0.0829
10	SGS-Small Gen. Service	3	296			0.0987
11	SGS-PA -Small Gen Ser - PA		120	1		
12	SL-Street Lighting		-32			
13	WV Recycle		-14,817			
14	Subtotal -Total Billed	12,191,391	1,013,087,067	816,910	14,924	0.0831
15	Unbilled Revenue	26,479	9,854,906			0.3722
16	TOTAL 440 RESIDENTIAL	12,217,870	1,022,941,973	816,910	14,956	0.0837
17						
18	442 - COMMERCIAL					
19	Commonwealth of VA	3	337	1	3,000	0.1123
20	ENEC Refund of Bank-WV		940,249			
21	GS-TOD-General Service TOD	55,826	4,039,132	405	137,842	0.0724
22	IP-Industrial Power Service	202,871	9,894,041	22	9,221,409	0.0488
23	LCP-Large Capacity Power	473,935	25,399,892	69	6,868,623	0.0536
24	LGS-Large General Service	2,668,241	176,432,550	5,458	488,868	0.0661
25	LPS-TOD-Large Power Ser TOD	491,931	30,677,004	47	10,466,617	0.0624
26	MarkWest HC	35,456	1,490,862	1	35,456,000	0.0420
27	MGS-Medium General Service	1,559,917	119,530,130	20,302	76,836	0.0766
28	Net Estimated Billings	5,136	355,503			0.0692
29	OL-Outdoor Lighting	63,388	7,482,750			0.1180
30	Provision for Refund-VA		-865,468			
31	RS-Residential Sales	37	2,668	3	12,333	0.0721
32	SGS-Small General Service	774,867	70,389,172	96,682	8,015	0.0908
33	SL-Street Lighting	22	3,167	1	22,000	0.1440
34	SS-School Service	387,801	24,172,591	1,333	290,923	0.0623
35	SWS-Sanctuary Worship	193,786	16,029,966	6,987	27,735	0.0827
36	Winterplace	2,306	218,510	1	2,306,000	0.0948
37	Subtotal - Total Billed	6,915,523	486,193,056	131,312	52,665	0.0703
38	Unbilled Revenue	58,486	7,104,085			0.1215
39	TOTAL 442 COMMERCIAL	6,974,009	493,297,141	131,312	53,110	0.0707
40						
41	TOTAL Billed	30,251,654	2,158,708,066	959,814	31,518	0.0714
42	Total Unbilled Rev.(See Instr. 6)	162,815	24,338,369	0	0	0.1495
43	TOTAL	30,414,469	2,183,046,435	959,814	31,688	0.0718

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	442 - INDUSTRIAL					
2	Aluminum	244,527	29,584,602	1	244,527,000	0.1210
3	Elkem Metals	351,185	14,809,444	1	351,185,000	0.0422
4	ENEC Refund of Bank-WV		880,702			
5	Felman	402,623	14,179,336	1	402,623,000	0.0352
6	GS-TOD-General Service TOD	2,462	216,808	20	123,100	0.0881
7	IP-Industrial Power Service	1,651,593	75,704,436	30	55,053,100	0.0458
8	LCP-Large Capacity Power	2,052,907	107,863,799	117	17,546,214	0.0525
9	LGS-Large General Service	605,258	42,544,497	473	1,279,615	0.0703
10	LPS-TOD-Large Power Ser TOD	4,416,446	264,806,217	186	23,744,333	0.0600
11	MGS-Medium General Service	383,575	31,236,554	1,525	251,525	0.0814
12	Net Estimated Billings	-6,402	414,755	1	-6,402,000	-0.0648
13	OL-Outdoor Lighting	6,442	705,389			0.1095
14	Pechiney	184,687	8,154,985	1	184,687,000	0.0442
15	Provision for Refund-VA		-1,053,198			
16	SGS-Small General Service	22,345	1,917,577	2,044	10,932	0.0858
17	WV Recycle	2,589	371,557	1	2,589,000	0.1435
18	Subtotal - Total Billed	10,320,237	592,337,460	4,401	2,344,975	0.0574
19	Unbilled Revenue	67,360	6,346,429			0.0942
20	TOTAL 442 INDUSTRIAL	10,387,597	598,683,889	4,401	2,360,281	0.0576
21						
22	444 - PUBLIC STREET & HIGHWAY					
23	Commonwealth of VA	3,325	310,290	446	7,455	0.0933
24	ENEC Refund of Bank-WV		9,279			
25	GS-TOD-General Service TOD	220	9,320	1	220,000	0.0424
26	LGS-Large General Service	780	52,903	5	156,000	0.0678
27	MGS-Medium General Service	2,684	172,259	27	99,407	0.0642
28	MGS-PA-Med Gen Ser - PA	547	49,411	2	273,500	0.0903
29	OL-Outdoor Lighting	130	13,565			0.1043
30	Provision for Refund-VA		-21			
31	SGS-Small General Service	4,237	329,099	635	6,672	0.0777
32	SGS-PA -Small Gen Ser - PA	2,901	295,873	479	6,056	0.1020
33	SL-Street Lighting	54,313	6,145,240	195	278,528	0.1131
34	Subtotal - Total Billed	69,137	7,387,218	1,790	38,624	0.1068
35	Unbilled Revenue	117	16,319			0.1395
36	TOTAL 444 STREET & HIGHWAY	69,254	7,403,537	1,790	38,689	0.1069
37						
38						
39						
40						
41	TOTAL Billed	30,251,654	2,158,708,066	959,814	31,518	0.0714
42	Total Unbilled Rev.(See Instr. 6)	162,815	24,338,369	0	0	0.1495
43	TOTAL	30,414,469	2,183,046,435	959,814	31,688	0.0718

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

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1	445 - PUBLIC AUTHORITIES					
2	Commonwealth of VA	123,932	9,586,660	844	146,839	0.0774
3	ENEC Refund of Bank-WV		303			
4	Flood Walls	146	8,735	7	20,857	0.0598
5	GS-TOD-PA-Gen Ser TOD -PA	1,846	149,463	53	34,830	0.0810
6	LGS-PA-Large Gen Service - PA	284,926	20,213,665	396	719,510	0.0709
7	LPS-TOD-Large Power Ser. TOD	46,354	3,219,972	7	6,622,000	0.0695
8	MGS-Medium General Service	686	59,758	7	98,000	0.0871
9	MGS-PA-Med Gen Ser - PA	252,602	22,304,939	967	261,222	0.0883
10	OL-Outdoor Lighting	2,279	301,707			0.1324
11	Provision for Refund-VA		-1,042			
12	SGS-Small General Service	83	7,199	6	13,833	0.0867
13	SGS-PA- Small Gen Ser - PA	42,512	3,851,906	3,114	13,652	0.0906
14	Subtotal - Total Billed	755,366	59,703,265	5,401	139,857	0.0790
15	Unbilled Revenue	10,373	1,016,630			0.0980
16	TOTAL 445 PUBLIC	765,739	60,719,895	5,401	141,777	0.0793
17						
18						
19	Fuel Adj Clause - See Footnote					
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	30,251,654	2,158,708,066	959,814	31,518	0.0714
42	Total Unbilled Rev.(See Instr. 6)	162,815	24,338,369	0	0	0.1495
43	TOTAL	30,414,469	2,183,046,435	959,814	31,688	0.0718

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	15,690,475	15,399,557
5	(501) Fuel	523,980,892	677,077,619
6	(502) Steam Expenses	32,557,138	32,148,962
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	1,440,946	1,183,116
10	(506) Miscellaneous Steam Power Expenses	21,780,480	25,650,679
11	(507) Rents	50,146	30,282
12	(509) Allowances	2,047,996	7,366,761
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	597,548,073	758,856,976
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	7,073,879	6,785,736
16	(511) Maintenance of Structures	9,359,566	6,244,963
17	(512) Maintenance of Boiler Plant	72,673,656	62,856,148
18	(513) Maintenance of Electric Plant	15,132,837	12,332,425
19	(514) Maintenance of Miscellaneous Steam Plant	8,548,310	9,128,585
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	112,788,248	97,347,857
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	710,336,321	856,204,833
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	895,190	903,633
45	(536) Water for Power	30,132	23,110
46	(537) Hydraulic Expenses	909,579	1,038,795
47	(538) Electric Expenses	168,583	155,953
48	(539) Miscellaneous Hydraulic Power Generation Expenses	1,592,403	1,931,004
49	(540) Rents	428,889	318,504
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	4,024,776	4,370,999
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	222,245	129,521
54	(542) Maintenance of Structures	624,467	258,857
55	(543) Maintenance of Reservoirs, Dams, and Waterways	430,219	636,934
56	(544) Maintenance of Electric Plant	6,456,038	3,292,132
57	(545) Maintenance of Miscellaneous Hydraulic Plant	433,381	550,934
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	8,166,350	4,868,378
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	12,191,126	9,239,377

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Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	5,935	5,795
63	(547) Fuel	1,797,253	6,431,221
64	(548) Generation Expenses	29,934	153,637
65	(549) Miscellaneous Other Power Generation Expenses	223,819	253,455
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	2,056,941	6,844,108
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant	1,136,425	1,064,446
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	800	15,658
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	1,137,225	1,080,104
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	3,194,166	7,924,212
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	1,155,139,560	1,126,207,807
77	(556) System Control and Load Dispatching	2,124,156	2,407,600
78	(557) Other Expenses	13,372,180	12,239,027
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	1,170,635,896	1,140,854,434
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	1,896,357,509	2,014,222,856
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	2,878,235	2,545,179
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability	50,835	48,976
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	3,622,741	3,749,190
87	(561.3) Load Dispatch-Transmission Service and Scheduling	7,700	1,018
88	(561.4) Scheduling, System Control and Dispatch Services	5,355,294	5,600,457
89	(561.5) Reliability, Planning and Standards Development	224,049	81,421
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	1,011,205	968,844
93	(562) Station Expenses	1,203,401	1,162,740
94	(563) Overhead Lines Expenses	1,257,797	1,546,292
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	-13,502,404	-25,739,299
97	(566) Miscellaneous Transmission Expenses	-23,973,737	4,459,491
98	(567) Rents	56,363	192,569
99	TOTAL Operation (Enter Total of lines 83 thru 98)	-21,808,521	-5,383,122
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	602,897	812,489
102	(569) Maintenance of Structures	130,722	152,179
103	(569.1) Maintenance of Computer Hardware	197,784	115,378
104	(569.2) Maintenance of Computer Software	1,062,399	922,244
105	(569.3) Maintenance of Communication Equipment	661,791	621,322
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	6,365,378	5,862,171
108	(571) Maintenance of Overhead Lines	7,320,217	8,877,347
109	(572) Maintenance of Underground Lines	53,949	32
110	(573) Maintenance of Miscellaneous Transmission Plant	62,048	20,027
111	TOTAL Maintenance (Total of lines 101 thru 110)	16,457,185	17,383,189
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	-5,351,336	12,000,067

Name of Respondent: Appalachian Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): / /	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	5,759,935	4,849,157
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	5,759,935	4,849,157
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	5,759,935	4,849,157
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	6,596,613	7,172,334
135	(581) Load Dispatching	963,310	1,059,457
136	(582) Station Expenses	1,254,990	1,324,366
137	(583) Overhead Line Expenses	1,476,985	1,095,959
138	(584) Underground Line Expenses	1,209,013	1,396,626
139	(585) Street Lighting and Signal System Expenses	120,021	80,736
140	(586) Meter Expenses	2,225,120	1,740,753
141	(587) Customer Installations Expenses	1,109,704	861,789
142	(588) Miscellaneous Expenses	9,802,201	16,843,239
143	(589) Rents	2,493,794	3,687,195
144	TOTAL Operation (Enter Total of lines 134 thru 143)	27,251,751	35,262,454
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	194,893	229,303
147	(591) Maintenance of Structures	108,781	172,589
148	(592) Maintenance of Station Equipment	3,279,019	3,258,416
149	(593) Maintenance of Overhead Lines	116,138,780	67,325,364
150	(594) Maintenance of Underground Lines	1,370,272	2,202,487
151	(595) Maintenance of Line Transformers	2,243,615	2,802,204
152	(596) Maintenance of Street Lighting and Signal Systems	265,459	291,706
153	(597) Maintenance of Meters	296,461	536,202
154	(598) Maintenance of Miscellaneous Distribution Plant	5,621,263	5,457,113
155	TOTAL Maintenance (Total of lines 146 thru 154)	129,518,543	82,275,384
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	156,770,294	117,537,838
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,790,455	1,923,283
160	(902) Meter Reading Expenses	4,341,650	5,345,473
161	(903) Customer Records and Collection Expenses	28,380,733	29,231,353
162	(904) Uncollectible Accounts	4,428,733	7,237,769
163	(905) Miscellaneous Customer Accounts Expenses	40,577	1,894
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	38,982,148	43,739,772

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	1,019,683	927,733
168	(908) Customer Assistance Expenses	2,375,346	2,481,821
169	(909) Informational and Instructional Expenses	893,961	768,174
170	(910) Miscellaneous Customer Service and Informational Expenses	1,739	643
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	4,290,729	4,178,371
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	424	
176	(913) Advertising Expenses	412	
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	836	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	34,048,740	28,517,558
182	(921) Office Supplies and Expenses	4,671,638	6,038,128
183	(Less) (922) Administrative Expenses Transferred-Credit	3,845,724	4,623,813
184	(923) Outside Services Employed	24,845,809	32,560,986
185	(924) Property Insurance	2,913,014	2,666,734
186	(925) Injuries and Damages	9,632,511	8,400,118
187	(926) Employee Pensions and Benefits	38,645,990	23,000,789
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	2,140,230	1,943,815
190	(929) (Less) Duplicate Charges-Cr.	151,017	142,930
191	(930.1) General Advertising Expenses	1,099,009	1,201,710
192	(930.2) Miscellaneous General Expenses	4,896,729	11,323,480
193	(931) Rents	2,194,433	3,049,466
194	TOTAL Operation (Enter Total of lines 181 thru 193)	121,091,362	113,936,041
195	Maintenance		
196	(935) Maintenance of General Plant	6,475,778	6,811,206
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	127,567,140	120,747,247
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	2,224,377,255	2,317,275,308

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	27,542,568		
4	Transmission	1,547,536		
5	Regional Market			
6	Distribution	9,009,419		
7	Customer Accounts	7,978,348		
8	Customer Service and Informational	1,987,389		
9	Sales			
10	Administrative and General	2,613,281		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	50,678,541		
12	Maintenance			
13	Production	28,909,128		
14	Transmission	3,398,444		
15	Regional Market			
16	Distribution	24,677,327		
17	Administrative and General	2,081,544		
18	TOTAL Maintenance (Total of lines 13 thru 17)	59,066,443		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	56,451,696		
21	Transmission (Enter Total of lines 4 and 14)	4,945,980		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	33,686,746		
24	Customer Accounts (Transcribe from line 7)	7,978,348		
25	Customer Service and Informational (Transcribe from line 8)	1,987,389		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	4,694,825		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	109,744,984	9,082,322	118,827,306
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Appalachian Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	109,744,984	9,082,322	118,827,306
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	38,347,551	3,173,583	41,521,134
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	38,347,551	3,173,583	41,521,134
72	Plant Removal (By Utility Departments)			
73	Electric Plant	7,159,725	592,528	7,752,253
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	7,159,725	592,528	7,752,253
77	Other Accounts (Specify, provide details in footnote):			
78				
79	124 - Other Assets	2,325		2,325
80	152 - Fuel Stock Undistributed	10,255,138		10,255,138
81	163 - Stores Expense Undistributed	6,278,553	-6,278,553	
82	184 - Clearing Accounts	6,569,880	-6,569,880	
83	185 - ODD Temporary Facilities	183,271		183,271
84	186 - Misc Deferred Debits	215,287		215,287
85	188 - Research & Development	1,468		1,468
86	418 - Nonoperating Rental Income	17,776		17,776
87	421 - Misc Nonoperating Income	707		707
88	426 - Political Activities	225,256		225,256
89	451 - Misc Service Rev - Nonaffil	2,651		2,651
90	456 - Other Electric Revenue	-33,123		-33,123
91				
92				
93				
94				
95	TOTAL Other Accounts	23,719,189	-12,848,433	10,870,756
96	TOTAL SALARIES AND WAGES	178,971,449		178,971,449

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VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440.0 Residential					
2	100	27,952,158	2,957,812,577	2,028,601	13,779	0.1058
3	101	216,300	19,545,684	7,222	29,950	0.0904
4	102	40,302	3,575,685	1,240	32,502	0.0887
5	103	17,220	1,684,690	819	21,026	0.0978
6	104**	447	33,188			0.0742
7	131	51	4,604	22	2,318	0.0903
8	163	1,552,042	151,713,375	100,409	15,457	0.0978
9	164	7,592	650,358	288	26,361	0.0857
10	165	1,661	154,376	65	25,554	0.0929
11	166**	3,987	268,561			0.0674
12	167**	113	6,413			0.0568
13	193**	18,837	4,832,111			0.2565
14	194**	9,189	1,092,701			0.1189
15	195**	7,385	1,722,646			0.2333
16	236	10,462	1,002,225	447	23,405	0.0958
17						
18						
19	Unbilled	81,335	11,794,149			0.1450
20	Total 440.0	29,919,081	3,155,893,343	2,139,113	13,987	0.1055
21						
22	442.1 Commercial					
23	105	43,024	5,209,902	760	56,611	0.1211
24	106	289	17,822	7	41,286	0.0617
25	108	176,001	18,427,883	2,831	62,169	0.1047
26	109	52,083	4,565,644	169	308,183	0.0877
27	110	3,404,412	340,806,004	174,016	19,564	0.1001
28	114	1,940,026	151,996,091	3,375	574,823	0.0783
29	117	8,966,674	656,334,525	1,723	5,204,106	0.0732
30	118	114,309	7,880,277	7	16,329,857	0.0689
31	120	1,838,493	119,444,908	93	19,768,742	0.0650
32	121					
33	122					
34	123	34,314	2,536,238	8	4,289,250	0.0739
35	126	259,265	17,747,785	29	8,940,172	0.0685
36	128	5,588	418,697	1	5,588,000	0.0749
37	129**	12,553	1,264,018			0.1007
38	130	1,212,719	89,907,838	294	4,124,895	0.0741
39	131	5,158	400,594	892	5,783	0.0777
40	168	520,478	45,324,012	14,821	35,118	0.0871
41	TOTAL Billed	77,457,832	6,705,646,972	2,403,558	32,226	0.0866
42	Total Unbilled Rev.(See Instr. 6)	295,731	24,576,831	0	0	0.0831
43	TOTAL	77,753,563	6,730,223,803	2,403,558	32,349	0.0866

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	169	6,596	530,507	16	412,250	0.0804
2	170	107,662	7,769,848	579	185,945	0.0722
3	172	39,163	2,988,436	27	1,450,481	0.0763
4	175	8,701	621,128	3	2,900,333	0.0714
5	176	61,327	4,243,415	9	6,814,111	0.0692
6	182**	2,248	173,783			0.0773
7	183	43,536	2,922,362	14	3,109,714	0.0671
8	193**	33,641	6,962,266			0.2070
9	194**	29,637	3,257,190			0.1099
10	195**	9,050	1,654,344			0.1828
11	210	6,694	451,956	1	6,694,000	0.0675
12	227	9,396,829	801,106,575	32,424	289,811	0.0853
13	228	5,171	371,872	2	2,585,500	0.0719
14						
15						
16	Unbilled	127,581	11,455,599			0.0898
17	Total 442.1	28,463,222	2,306,791,519	232,101	122,633	0.0810
18						
19	442.2 Industrial					
20	105	1,637	197,963	6	272,833	0.1209
21	110	1,130	117,679	32	35,313	0.1041
22	114	14,215	1,231,882	23	618,043	0.0867
23	117	1,053,004	74,556,118	90	11,700,044	0.0708
24	120	4,428,359	285,408,181	59	75,056,932	0.0645
25	122	33,495	2,132,999	1	33,495,000	0.0637
26	123	63,084	4,378,926	2	31,542,000	0.0694
27	126	11,149	787,689	2	5,574,500	0.0707
28	127	233,878	14,485,010	1	233,878,000	0.0619
29	129**	2	177			0.0885
30	130	816,449	58,196,604	114	7,161,833	0.0713
31	168	13,976	1,215,264	26	537,538	0.0870
32	170	2,820	209,699	4	705,000	0.0744
33	172	3,753	268,779	1	3,753,000	0.0716
34	175	11,109	930,339	3	3,703,000	0.0837
35	176	191,753	13,008,899	7	27,393,286	0.0678
36	183	105,518	7,616,675	12	8,793,167	0.0722
37	193**	783	129,337			0.1652
38	194**	716	71,051			0.0992
39	195**	379	62,320			0.1644
40	227	108,155	9,803,176	191	566,257	0.0906
41	TOTAL Billed	77,457,832	6,705,646,972	2,403,558	32,226	0.0866
42	Total Unbilled Rev.(See Instr. 6)	295,731	24,576,831	0	0	0.0831
43	TOTAL	77,753,563	6,730,223,803	2,403,558	32,349	0.0866

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	230	324,391	17,955,075	1	324,391,000	0.0554
2	233	757,412	35,886,059	1	757,412,000	0.0474
3	235	411,560	26,976,042	5	82,312,000	0.0655
4						
5						
6	Unbilled	55,113	3,599,697			0.0653
7	Total 442.2	8,643,840	559,225,640	581	14,877,522	0.0647
8						
9	444 Street and traffic lights					
10	444.1 Street lights	242,488	44,609,915	1,192	203,430	0.1840
11	444.2 Traffic lights	34,583	2,885,759	1,490	23,210	0.0834
12						
13						
14	Unbilled	461	34,662			0.0752
15	Total 444	277,532	47,530,336	2,682	103,479	0.1713
16						
17	445 Other Public Authority					
18	NASA	160,126	10,601,814	1	160,126,000	0.0662
19	Federal	3,797,795	251,417,654	64	59,340,547	0.0662
20	Municipal	3,567,642	279,883,499	18,757	190,203	0.0785
21	County	733,095	61,297,801	5,026	145,861	0.0836
22	Commonwealth of Va	2,159,989	152,315,819	5,233	412,763	0.0705
23	Earned revenue/Non cur. rec.		-102,457,448			
24	Federal Privatization		10,031,102			
25	Unbilled	31,241	-2,307,276			-0.0739
26	Total 445.0	10,449,888	660,782,965	29,081	359,337	0.0632
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	77,457,832	6,705,646,972	2,403,558	32,226	0.0866
42	Total Unbilled Rev.(See Instr. 6)	295,731	24,576,831	0	0	0.0831
43	TOTAL	77,753,563	6,730,223,803	2,403,558	32,349	0.0866

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	24,011,682	23,212,653
5	(501) Fuel	928,549,706	891,581,896
6	(502) Steam Expenses	47,875,126	50,951,781
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	9,705,417	10,265,269
10	(506) Miscellaneous Steam Power Expenses	19,507,313	24,674,250
11	(507) Rents	696,836	732,142
12	(509) Allowances	4,885,941	3,623,236
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	1,035,232,021	1,005,041,227
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	6,598,779	10,845,002
16	(511) Maintenance of Structures	6,954,761	7,258,320
17	(512) Maintenance of Boiler Plant	97,668,099	82,599,228
18	(513) Maintenance of Electric Plant	38,841,696	17,166,267
19	(514) Maintenance of Miscellaneous Steam Plant	27,785,181	32,868,074
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	177,848,516	150,736,891
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	1,213,080,537	1,155,778,118
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	93,006,554	92,041,587
25	(518) Fuel	145,929,794	136,100,673
26	(519) Coolants and Water	3,544,217	2,953,554
27	(520) Steam Expenses	25,283,090	21,152,416
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	643,658	558,348
31	(524) Miscellaneous Nuclear Power Expenses	65,913,302	84,497,498
32	(525) Rents	4,820,064	4,267,971
33	TOTAL Operation (Enter Total of lines 24 thru 32)	339,140,679	341,572,047
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	28,579,613	26,751,008
36	(529) Maintenance of Structures	2,688,143	3,972,053
37	(530) Maintenance of Reactor Plant Equipment	27,956,604	24,539,062
38	(531) Maintenance of Electric Plant	26,573,909	21,993,797
39	(532) Maintenance of Miscellaneous Nuclear Plant	16,950,179	15,293,702
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	102,748,448	92,549,622
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	441,889,127	434,121,669
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	2,806,471	2,425,375
45	(536) Water for Power	356,352	266,358
46	(537) Hydraulic Expenses	1,378,153	1,108,917
47	(538) Electric Expenses	-165,265	-355,098
48	(539) Miscellaneous Hydraulic Power Generation Expenses	3,265,898	4,211,844
49	(540) Rents	14,021	14,052
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	7,655,630	7,671,448
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	540,451	500,370
54	(542) Maintenance of Structures	511,319	499,959
55	(543) Maintenance of Reservoirs, Dams, and Waterways	382,002	518,270
56	(544) Maintenance of Electric Plant	2,570,162	2,775,157
57	(545) Maintenance of Miscellaneous Hydraulic Plant	256,461	486,268
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	4,260,395	4,780,024
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	11,916,025	12,451,472

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	4,089,251	3,645,618
63	(547) Fuel	346,989,671	508,975,898
64	(548) Generation Expenses	10,188,708	8,854,016
65	(549) Miscellaneous Other Power Generation Expenses	4,204,033	4,448,639
66	(550) Rents	1,559,545	953,255
67	TOTAL Operation (Enter Total of lines 62 thru 66)	367,031,208	526,877,426
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	1,750,613	1,940,328
70	(552) Maintenance of Structures	2,216,928	1,468,103
71	(553) Maintenance of Generating and Electric Plant	27,887,679	17,930,703
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	3,166,061	2,899,942
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	35,021,281	24,239,076
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	402,052,489	551,116,502
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	1,243,774,067	2,133,733,837
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses	768,083,408	-422,662,398
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	2,011,857,475	1,711,071,439
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	4,080,795,653	3,864,539,200
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	3,815,024	4,838,141
84	(561) Load Dispatching	610,713	1,547,825
85	(561.1) Load Dispatch-Reliability	486,241	765,263
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	1,449,882	2,281,877
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services	3,393,122	1,494,584
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	214,690	85,401
93	(562) Station Expenses	3,367,345	1,653,734
94	(563) Overhead Lines Expenses	2,206,200	870,658
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	8,522,056	54,193
97	(566) Miscellaneous Transmission Expenses	96,286,073	9,967,984
98	(567) Rents	10,355	
99	TOTAL Operation (Enter Total of lines 83 thru 98)	120,361,701	23,559,660
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	2,805,991	710,197
102	(569) Maintenance of Structures		
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	11,181,433	10,014,490
108	(571) Maintenance of Overhead Lines	32,865,207	11,123,623
109	(572) Maintenance of Underground Lines	574,053	199,051
110	(573) Maintenance of Miscellaneous Transmission Plant	26,463	176,767
111	TOTAL Maintenance (Total of lines 101 thru 110)	47,453,147	22,224,128
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	167,814,848	45,783,788

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VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	2,302,210	-1,318,863
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	2,302,210	-1,318,863
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	2,302,210	-1,318,863
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	11,692,725	12,848,590
135	(581) Load Dispatching		
136	(582) Station Expenses	3,026,032	2,654,299
137	(583) Overhead Line Expenses	7,879,789	9,673,159
138	(584) Underground Line Expenses	6,151,727	6,112,410
139	(585) Street Lighting and Signal System Expenses	1,140,284	1,459,182
140	(586) Meter Expenses	14,694,751	14,652,445
141	(587) Customer Installations Expenses	1,645,861	1,747,049
142	(588) Miscellaneous Expenses	19,635,650	17,463,225
143	(589) Rents	176,376	177,955
144	TOTAL Operation (Enter Total of lines 134 thru 143)	66,043,195	66,788,314
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	5,849,828	8,249,660
147	(591) Maintenance of Structures	87,066	19,337
148	(592) Maintenance of Station Equipment	10,450,500	7,606,639
149	(593) Maintenance of Overhead Lines	76,817,467	83,584,164
150	(594) Maintenance of Underground Lines	12,725,893	18,444,105
151	(595) Maintenance of Line Transformers	8,328,193	4,888,835
152	(596) Maintenance of Street Lighting and Signal Systems	5,358,664	6,042,384
153	(597) Maintenance of Meters	2,210,014	2,908,342
154	(598) Maintenance of Miscellaneous Distribution Plant	19,423	57,791
155	TOTAL Maintenance (Total of lines 146 thru 154)	121,847,048	131,801,257
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	187,890,243	198,589,571
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,222,611	1,127,074
160	(902) Meter Reading Expenses	10,103,836	10,819,819
161	(903) Customer Records and Collection Expenses	34,105,089	32,985,338
162	(904) Uncollectible Accounts	44,672,712	21,099,553
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	90,104,248	66,031,784

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	760,917	9,383,660
169	(909) Informational and Instructional Expenses	809,030	4,671,640
170	(910) Miscellaneous Customer Service and Informational Expenses	467,612	
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	2,037,559	14,055,300
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	140,706,971	161,458,810
182	(921) Office Supplies and Expenses	32,930,549	28,026,895
183	(Less) (922) Administrative Expenses Transferred-Credit	24,266,813	24,252,156
184	(923) Outside Services Employed	35,005,254	33,580,524
185	(924) Property Insurance	11,290,972	3,817,193
186	(925) Injuries and Damages	12,483,871	11,938,097
187	(926) Employee Pensions and Benefits	167,027,121	124,252,946
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	31,443,240	22,693,463
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	2,680,486	4,581,983
192	(930.2) Miscellaneous General Expenses	16,395,344	15,740,459
193	(931) Rents	23,981,743	19,502,749
194	TOTAL Operation (Enter Total of lines 181 thru 193)	449,678,738	401,340,963
195	Maintenance		
196	(935) Maintenance of General Plant	22,639,891	24,310,448
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	472,318,629	425,651,411
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	5,003,263,390	4,613,332,191

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VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	232,789,195		
4	Transmission	10,442,168		
5	Regional Market			
6	Distribution	46,519,064		
7	Customer Accounts	30,292,243		
8	Customer Service and Informational	2,214,409		
9	Sales			
10	Administrative and General	135,160,792		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	457,417,871		
12	Maintenance			
13	Production	95,303,677		
14	Transmission	12,813,842		
15	Regional Market			
16	Distribution	56,581,706		
17	Administrative and General	3,502,721		
18	TOTAL Maintenance (Total of lines 13 thru 17)	168,201,946		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	328,092,872		
21	Transmission (Enter Total of lines 4 and 14)	23,256,010		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	103,100,770		
24	Customer Accounts (Transcribe from line 7)	30,292,243		
25	Customer Service and Informational (Transcribe from line 8)	2,214,409		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	138,663,513		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	625,619,817		625,619,817
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
VIRGINIA ELECTRIC AND POWER COMPANY	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	625,619,817		625,619,817
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	230,684,647		230,684,647
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	230,684,647		230,684,647
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
78	Costs & Expenses of Merchandising, Jobbing & Contract Work	4,838,770		4,838,770
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94				
95	TOTAL Other Accounts	4,838,770		4,838,770
96	TOTAL SALARIES AND WAGES	861,143,234		861,143,234

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	(440) RESIDENTIAL OR					
2	DOMESTIC SALES					
3						
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (1)	1,409,388	123,792,693	119,747	11,770	0.0878
7	SHEET 32 (2)					
8	SHEET 40 (3)					
9	SHEET 41 (4)					
10						
11	OUTDOOR LIGHTING SERVICE					
12	SHEET 65 (5)	866	134,727			0.1556
13	SHEET 67 (6)	93	18,675			0.2008
14						
15	UNBILLED REVENUE	-5,926	-1,138,000			0.1920
16						
17	TOTAL (440) RESIDENTIAL	1,404,421	122,808,095	119,747	11,728	0.0874
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41	TOTAL Billed	3,852,863	315,506,151	134,819	28,578	0.0819
42	Total Unbilled Rev.(See Instr. 6)	-14,398	-2,722,000	0	0	0.1891
43	TOTAL	3,838,465	312,784,151	134,819	28,471	0.0815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	COMMERCIAL AND INDUSTRIAL					
3						
4	RESIDENTIAL SERVICE					
5	SHEET 30 (7)	14,232	1,279,457	1,843	7,722	0.0899
6						
7	DISTRIBUTION SERVICE					
8	SHEET 40 (8)	878,077	76,872,826	11,257	78,003	0.0875
9	SHEET 42 (9)	4,409	303,358	87	50,678	0.0688
10	SHEET 43 (10)	49	3,731	2	24,500	0.0761
11	SHEET 44 (11)	6,024	530,338	117	51,487	0.0880
12						
13	PRIMARY SERVICE					
14	SHEET 45 (12)	8,973	638,019	5	1,794,600	0.0711
15						
16	TIME OF DAY DISTRIBUTION					
17	SERVICES					
18	SHEET 41 (13)	1,011,680	72,311,356	195	5,188,103	0.0715
19						
20	TIME OF DAY TRANSMISSION					
21	SERVICE					
22	SHEET 51 (14)	168,966	10,828,363	4	42,241,500	0.0641
23						
24	OUTDOOR LIGHTING SERVICE					
25	SHEET 65(15)	3,447	411,535			0.1194
26	SHEET 67 (16)	142	28,572			0.2012
27						
28	TRAFFIC LIGHTING SERVICE					
29	SHEET 61 (17)	1	14	2	500	0.0140
30						
31	STREET LIGHTING SERVICE					
32	SHEET 60 (18)	114	41,868	40	2,850	0.3673
33	SHEET 69 (19)	214	31,268	36	5,944	0.1461
34						
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40						
41	TOTAL Billed	3,852,863	315,506,151	134,819	28,578	0.0819
42	Total Unbilled Rev.(See Instr. 6)	-14,398	-2,722,000	0	0	0.1891
43	TOTAL	3,838,465	312,784,151	134,819	28,471	0.0815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3						
4	SPECIAL CONTRACTS					
5	METERED (20)					
6	UNMETERED (21)					
7						
8	LOAD MANAGEMENT RIDERS					
9	SHEET 73(22)	29,934	2,712,198	113	264,903	0.0906
10	SHEET 74 (23)					
11						
12	UNBILLED REVENUE	-7,470	-1,383,000			0.1851
13						
14	TOTAL (442) COMMERCIAL	2,118,792	164,609,903	13,701	154,645	0.0777
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41	TOTAL Billed	3,852,863	315,506,151	134,819	28,578	0.0819
42	Total Unbilled Rev.(See Instr. 6)	-14,398	-2,722,000	0	0	0.1891
43	TOTAL	3,838,465	312,784,151	134,819	28,471	0.0815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(444) PUBLIC STREET AND					
3	HIGHWAY LIGHTING					
4						
5	DISTRIBUTION SERVICE					
6	SHEET 40 (24)	1,123	99,659	18	62,389	0.0887
7						
8	STREET LIGHTING SERVICE					
9	SHEET 60(25)	11,750	1,478,853	232	50,647	0.1259
10	SHEET 66(26)	412	67,412			0.1636
11	SHEET 68 (27)					
12	SHEET 69(28)					
13						
14	TRAFFIC LIGHTING SERVICE					
15	SHEET 61 (29)	2,063	114,235	142	14,528	0.0554
16						
17	UNBILLED REVENUE					
18						
19	TOTAL (444) PUBLIC STREET	15,348	1,760,159	392	39,153	0.1147
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41	TOTAL Billed	3,852,863	315,506,151	134,819	28,578	0.0819
42	Total Unbilled Rev.(See Instr. 6)	-14,398	-2,722,000	0	0	0.1891
43	TOTAL	3,838,465	312,784,151	134,819	28,471	0.0815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(445) SALES TO OTHER PUBLIC					
3	AUTHORITIES					
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (30)	1	178	1	1,000	0.1780
7						
8	DISTRIBUTION SERVICE					
9	SHEET 40(31)	115,205	10,562,732	844	136,499	0.0917
10	SHEET 42(32)	7,788	521,965	19	409,895	0.0670
11	SHEET 43 (33)	274	31,301	20	13,700	0.1142
12	SHEET 44 (34)	190	18,116	45	4,222	0.0953
13						
14	PRIMARY SERVICE					
15	SHEET 45 (35)	9,801	735,008	9	1,089,000	0.0750
16						
17	TIME OF DAY DISTRIBUTION					
18	SERVICE					
19	SHEET 41 (36)	126,374	9,202,009	28	4,513,357	0.0728
20						
21	TIME OF DAY TRANSMISSION					
22	SERVICE					
23	SHEET 51 (37)	37,726	2,412,556	6	6,287,667	0.0639
24						
25	OUTDOOR LIGHTING SERVICE					
26	SHEET 65 (38)	707	82,999			0.1174
27	SHEET 67 (39)	44	5,721			0.1300
28						
29	SPECIAL CONTRACTS					
30	METERED (40)					
31						
32	LOAD MANAGEMENT RIDERS					
33	SHEET 73 (41)	1,855	168,854	7	265,000	0.0910
34	SHEET 74 (42)					
35	SHEET 61 (43)	190	10,453			0.0550
36						
37	UNBILLED REVENUE	-1,002	-201,000			0.2006
38						
39	TOTAL (445) SALES TO OTHER	299,153	23,550,892	979	305,570	0.0787
40	PUBLIC AUTHORITIES					
41	TOTAL Billed	3,852,863	315,506,151	134,819	28,578	0.0819
42	Total Unbilled Rev.(See Instr. 6)	-14,398	-2,722,000	0	0	0.1891
43	TOTAL	3,838,465	312,784,151	134,819	28,471	0.0815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(448) INTERDEPARTMENTAL					
3	SALES (44)	751	55,102			0.0734
4						
5	TOTAL (448) INTER-DEPART	751	55,102			0.0734
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41	TOTAL Billed	3,852,863	315,506,151	134,819	28,578	0.0819
42	Total Unbilled Rev.(See Instr. 6)	-14,398	-2,722,000	0	0	0.1891
43	TOTAL	3,838,465	312,784,151	134,819	28,471	0.0815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	1,757,359	2,020,015
5	(501) Fuel	109,780,700	98,068,501
6	(502) Steam Expenses	10,127,335	10,021,378
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	873,950	699,759
10	(506) Miscellaneous Steam Power Expenses	1,295,094	1,351,230
11	(507) Rents	444,924	444,924
12	(509) Allowances	1,983,609	2,280,794
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	126,262,971	114,886,601
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	1,726,706	1,299,206
16	(511) Maintenance of Structures	2,563,823	1,844,570
17	(512) Maintenance of Boiler Plant	9,126,260	7,353,204
18	(513) Maintenance of Electric Plant	2,316,152	1,681,140
19	(514) Maintenance of Miscellaneous Steam Plant	1,299,435	937,525
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	17,032,376	13,115,645
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	143,295,347	128,002,246
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways	1	
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	1	
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	1	

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	437,608	228,130
63	(547) Fuel	6,374,743	12,363,666
64	(548) Generation Expenses	390,230	450,428
65	(549) Miscellaneous Other Power Generation Expenses	642,399	424,596
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	7,844,980	13,466,820
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	48,979	20,697
70	(552) Maintenance of Structures	224,017	130,414
71	(553) Maintenance of Generating and Electric Plant	3,252,712	2,406,950
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	235,341	538,614
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	3,761,049	3,096,675
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	11,606,029	16,563,495
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	22,087,441	48,741,108
77	(556) System Control and Load Dispatching		114,968
78	(557) Other Expenses	9,863,496	-3,052,640
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	31,950,937	45,803,436
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	186,852,314	190,369,177
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	36,352	55,350
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability	67,685	102,646
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	465,193	43,701
87	(561.3) Load Dispatch-Transmission Service and Scheduling	109,693	-257
88	(561.4) Scheduling, System Control and Dispatch Services	717,492	709,796
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	43,698	43,274
93	(562) Station Expenses	183,302	115,821
94	(563) Overhead Lines Expenses	203,659	22,451
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	15,773,589	16,813,303
97	(566) Miscellaneous Transmission Expenses	23	8,717
98	(567) Rents	1,934,700	1,934,700
99	TOTAL Operation (Enter Total of lines 83 thru 98)	19,535,386	19,849,502
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		4,235
102	(569) Maintenance of Structures	10,136	9,736
103	(569.1) Maintenance of Computer Hardware	10,184	2,346
104	(569.2) Maintenance of Computer Software	270,637	41,700
105	(569.3) Maintenance of Communication Equipment	128	
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	178,267	196,460
108	(571) Maintenance of Overhead Lines	76,996	226,912
109	(572) Maintenance of Underground Lines	6,190	2,570
110	(573) Maintenance of Miscellaneous Transmission Plant		-994
111	TOTAL Maintenance (Total of lines 101 thru 110)	552,538	482,965
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	20,087,924	20,332,467

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	979,808	794,621
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	979,808	794,621
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	979,808	794,621
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	16	116,245
135	(581) Load Dispatching	692,614	436,999
136	(582) Station Expenses	256,726	325,643
137	(583) Overhead Line Expenses	201,871	277,063
138	(584) Underground Line Expenses	301,112	149,853
139	(585) Street Lighting and Signal System Expenses		6,975
140	(586) Meter Expenses	367,593	288,965
141	(587) Customer Installations Expenses	1,046,769	713,015
142	(588) Miscellaneous Expenses	1,189,254	413,634
143	(589) Rents	494,928	494,928
144	TOTAL Operation (Enter Total of lines 134 thru 143)	4,550,883	3,223,320
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		115,351
147	(591) Maintenance of Structures	38,547	62,996
148	(592) Maintenance of Station Equipment	163,365	298,083
149	(593) Maintenance of Overhead Lines	4,588,036	4,314,182
150	(594) Maintenance of Underground Lines	247,921	311,783
151	(595) Maintenance of Line Transformers	5,052	88,571
152	(596) Maintenance of Street Lighting and Signal Systems	234,864	96,905
153	(597) Maintenance of Meters	154,408	239,063
154	(598) Maintenance of Miscellaneous Distribution Plant	43	-29,948
155	TOTAL Maintenance (Total of lines 146 thru 154)	5,432,236	5,496,986
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	9,983,119	8,720,306
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	7,843	14,235
160	(902) Meter Reading Expenses	1,197,835	986,864
161	(903) Customer Records and Collection Expenses	3,864,114	3,221,753
162	(904) Uncollectible Accounts	2,309,963	2,564,991
163	(905) Miscellaneous Customer Accounts Expenses		-46,234
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	7,379,755	6,741,609

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	4,449	161,900
169	(909) Informational and Instructional Expenses	4,967	1,260
170	(910) Miscellaneous Customer Service and Informational Expenses	852,589	837,387
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	862,005	1,000,547
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	2	555
175	(912) Demonstrating and Selling Expenses	10	
176	(913) Advertising Expenses	10,383	
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	10,395	555
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	6,621,916	7,828,637
182	(921) Office Supplies and Expenses	3,811,468	4,083,382
183	(Less) (922) Administrative Expenses Transferred-Credit	-803	33,348
184	(923) Outside Services Employed	3,753,932	5,345,994
185	(924) Property Insurance	560,618	831,101
186	(925) Injuries and Damages	-990,367	370,848
187	(926) Employee Pensions and Benefits	6,660,396	6,333,174
188	(927) Franchise Requirements		8
189	(928) Regulatory Commission Expenses	2,107,607	2,113,586
190	(929) (Less) Duplicate Charges-Cr.	1,092,015	1,223,243
191	(930.1) General Advertising Expenses	50,412	2,543
192	(930.2) Miscellaneous General Expenses	716,028	687,332
193	(931) Rents	1,695,016	2,202,888
194	TOTAL Operation (Enter Total of lines 181 thru 193)	23,895,814	28,542,902
195	Maintenance		
196	(935) Maintenance of General Plant	500,612	481,305
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	24,396,426	29,024,207
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	250,551,746	256,983,489

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	6,999,905		
4	Transmission	356,167		
5	Regional Market			
6	Distribution	2,420,329		
7	Customer Accounts	2,598,192		
8	Customer Service and Informational	591,521		
9	Sales			
10	Administrative and General	7,623,014		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	20,589,128		
12	Maintenance			
13	Production	4,657,850		
14	Transmission	362,053		
15	Regional Market			
16	Distribution	1,748,781		
17	Administrative and General	130,810		
18	TOTAL Maintenance (Total of lines 13 thru 17)	6,899,494		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	11,657,755		
21	Transmission (Enter Total of lines 4 and 14)	718,220		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	4,169,110		
24	Customer Accounts (Transcribe from line 7)	2,598,192		
25	Customer Service and Informational (Transcribe from line 8)	591,521		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	7,753,824		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	27,488,622	258,525	27,747,147
29	Gas			
30	Operation			
31	Production-Manufactured Gas	178,747		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	381,685		
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	2,294,113		
37	Customer Accounts	1,383,512		
38	Customer Service and Informational	332,857		
39	Sales			
40	Administrative and General	2,297,172		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	6,868,086		
42	Maintenance			
43	Production-Manufactured Gas	91,529		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	695,835		
49	Administrative and General	83,340		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	870,704		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	270,276		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	381,685		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)	2,989,948		
58	Customer Accounts (Line 37)	1,383,512		
59	Customer Service and Informational (Line 38)	332,857		
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)	2,380,512		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	7,738,790	6,155	7,744,945
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	35,227,412	264,680	35,492,092
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	5,995,318	711,549	6,706,867
69	Gas Plant	3,400,283	111,749	3,512,032
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	9,395,601	823,298	10,218,899
72	Plant Removal (By Utility Departments)			
73	Electric Plant	365,677		365,677
74	Gas Plant	77,586		77,586
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	443,263		443,263
77	Other Accounts (Specify, provide details in footnote):			
78	Projects for Duke's Subsidiaries & Merchandising	13,893		13,893
79	Other Work in Progress	288,021		288,021
80	Other Accounts	482,458		482,458
81				
82				
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92				
93				
94				
95	TOTAL Other Accounts	784,372		784,372
96	TOTAL SALARIES AND WAGES	45,850,648	1,087,978	46,938,626

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 Residential Sales					
2	Residential Service	2,397,984	189,410,883	143,519	16,708	0.0790
3	Res Service Load Management	3,262	211,028	108	30,204	0.0647
4	Residential Service TOD	41	3,185	1	41,000	0.0777
5	Small General Service	2	155			0.0775
6	Medium General Service	9	874			0.0971
7	All Outdoor Lighting	27,255	4,356,200			0.1598
8	Mark West HC					
9	Metering Adjustment					
10	Subtotal Billed	2,428,553	193,982,325	143,628	16,909	0.0799
11	Unbilled Revenue	-2,941	-1,719,801			0.5848
12	Total Residential	2,425,612	192,262,524	143,628	16,888	0.0793
13						
14	442 Commercial Sales					
15	Residential Service	2	352			0.1760
16	Small General Service	129,873	13,649,694	21,440	6,058	0.1051
17	Medium General Service	516,939	46,018,911	7,319	70,630	0.0890
18	Medium General Service TOD	3,483	277,368	80	43,538	0.0796
19	Large General Service	569,693	43,476,743	676	842,741	0.0763
20	Quantity Power	174,489	10,038,489	19	9,183,632	0.0575
21	Municipal Waterworks					
22	All Outdoor Lighting	15,025	1,952,006			0.1299
23	Mark West HC	7,926	583,925	20	396,300	0.0737
24	Estimated Revenue	196	12,417	1	196,000	0.0634
25	Metering Adjustment					
26	Subtotal Billed	1,417,626	116,009,905	29,555	47,966	0.0818
27	Unbilled Revenue	8,638	-43,632			-0.0051
28	Total Commercial	1,426,264	115,966,273	29,555	48,258	0.0813
29						
30	442 Industrial Sales					
31	Small General Service	5,612	555,409	813	6,903	0.0990
32	Medium General Service	34,902	3,028,437	353	98,873	0.0868
33	Large General Service	175,182	13,662,594	185	946,930	0.0780
34	Quantity Power	723,877	44,581,628	68	10,645,250	0.0616
35	Commercial & Industrial TOD	2,348,613	121,981,569	18	130,478,500	0.0519
36	All Outdoor Lighting	1,015	120,392			0.1186
37	Mark West HC					
38	Estimated Revenue	-89,335	-5,153,254	1	-89,335,000	0.0577
39	Metering Adjustment					
40	Subtotal Billed	3,199,866	178,776,775	1,438	2,225,220	0.0559
41	TOTAL Billed	7,056,283	490,083,641	174,994	40,323	0.0695
42	Total Unbilled Rev.(See Instr. 6)	12,173	-2,086,051	0	0	-0.1714
43	TOTAL	7,068,456	487,997,590	174,994	40,393	0.0690

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Unbilled Revenue	6,446	-324,068			-0.0503
2	Total Industrial	3,206,312	178,452,707	1,438	2,229,702	0.0557
3						
4	444 Public Street Lighting					
5	Small General Service	787	112,061	307	2,564	0.1424
6	Medium General Service	853	72,955	10	85,300	0.0855
7	Street Lighting	8,497	1,111,269	56	151,732	0.1308
8	All Outdoor Lighting	101	18,351			0.1817
9	Mark West HC					
10	Metering Adjustment					
11	Subtotal Billed	10,238	1,314,636	373	27,448	0.1284
12	Unbilled Revenue	30	1,450			0.0483
13	Total Public Street Lighting	10,268	1,316,086	373	27,528	0.1282
14						
15	Instruction 5. (See Footnote)					
16						
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40						
41	TOTAL Billed	7,056,283	490,083,641	174,994	40,323	0.0695
42	Total Unbilled Rev.(See Instr. 6)	12,173	-2,086,051	0	0	-0.1714
43	TOTAL	7,068,456	487,997,590	174,994	40,393	0.0690

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	4,946,854	5,473,552
5	(501) Fuel	182,833,323	166,915,229
6	(502) Steam Expenses	4,744,990	4,211,285
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	96,981	68,594
10	(506) Miscellaneous Steam Power Expenses	3,204,129	6,029,249
11	(507) Rents		
12	(509) Allowances	2,326,582	1,836,777
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	198,152,859	184,534,686
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	455,751	612,731
16	(511) Maintenance of Structures	911,931	643,319
17	(512) Maintenance of Boiler Plant	8,057,559	15,764,360
18	(513) Maintenance of Electric Plant	1,890,814	6,904,381
19	(514) Maintenance of Miscellaneous Steam Plant	617,265	709,950
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	11,933,320	24,634,741
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	210,086,179	209,169,427
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)		
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	244,625,931	287,187,513
77	(556) System Control and Load Dispatching	420,628	404,887
78	(557) Other Expenses	2,723,552	2,546,525
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	247,770,111	290,138,925
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	457,856,290	499,308,352
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	549,827	564,839
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability	10,064	10,813
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	752,594	804,673
87	(561.3) Load Dispatch-Transmission Service and Scheduling	1,666	227
88	(561.4) Scheduling, System Control and Dispatch Services	1,089,485	1,181,168
89	(561.5) Reliability, Planning and Standards Development	42,905	16,926
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	205,436	205,033
93	(562) Station Expenses	209,553	199,410
94	(563) Overhead Lines Expenses	321,497	296,748
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	-7,861,567	-1,531,617
97	(566) Miscellaneous Transmission Expenses	546,005	1,210,553
98	(567) Rents	8,864	2,044
99	TOTAL Operation (Enter Total of lines 83 thru 98)	-4,123,671	2,960,817
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	111,518	163,996
102	(569) Maintenance of Structures	13,556	19,196
103	(569.1) Maintenance of Computer Hardware	46,128	40,549
104	(569.2) Maintenance of Computer Software	260,107	245,494
105	(569.3) Maintenance of Communication Equipment	211,447	213,377
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	788,987	798,670
108	(571) Maintenance of Overhead Lines	1,868,951	2,292,773
109	(572) Maintenance of Underground Lines	105	7
110	(573) Maintenance of Miscellaneous Transmission Plant	992	3,472
111	TOTAL Maintenance (Total of lines 101 thru 110)	3,301,791	3,777,534
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	-821,880	6,738,351

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Kentucky Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	1,168,311	1,026,386
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	1,168,311	1,026,386
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	1,168,311	1,026,386
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	821,458	1,055,735
135	(581) Load Dispatching	3,744	5,088
136	(582) Station Expenses	241,513	240,605
137	(583) Overhead Line Expenses	1,196,628	685,565
138	(584) Underground Line Expenses	91,618	81,073
139	(585) Street Lighting and Signal System Expenses	57,734	64,845
140	(586) Meter Expenses	760,570	553,552
141	(587) Customer Installations Expenses	127,071	262,870
142	(588) Miscellaneous Expenses	2,706,034	4,117,800
143	(589) Rents	1,579,607	1,442,089
144	TOTAL Operation (Enter Total of lines 134 thru 143)	7,585,977	8,509,222
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	7,496	5,936
147	(591) Maintenance of Structures	14,371	9,815
148	(592) Maintenance of Station Equipment	916,709	793,557
149	(593) Maintenance of Overhead Lines	20,312,337	15,751,488
150	(594) Maintenance of Underground Lines	179,913	236,613
151	(595) Maintenance of Line Transformers	78,262	555,405
152	(596) Maintenance of Street Lighting and Signal Systems	45,938	53,425
153	(597) Maintenance of Meters	50,506	158,121
154	(598) Maintenance of Miscellaneous Distribution Plant	502,103	528,700
155	TOTAL Maintenance (Total of lines 146 thru 154)	22,107,635	18,093,060
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	29,693,612	26,602,282
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	388,256	401,085
160	(902) Meter Reading Expenses	713,762	993,970
161	(903) Customer Records and Collection Expenses	5,769,938	5,948,209
162	(904) Uncollectible Accounts	9,395	37,059
163	(905) Miscellaneous Customer Accounts Expenses	11,053	4,229
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	6,892,404	7,384,552

Name of Respondent: Kentucky Power Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): / /	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	208,709	223,464
168	(908) Customer Assistance Expenses	1,392,013	1,181,879
169	(909) Informational and Instructional Expenses	210,254	210,909
170	(910) Miscellaneous Customer Service and Informational Expenses	36,898	53,979
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	1,847,874	1,670,231
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses	77	
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	77	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	6,732,261	5,537,843
182	(921) Office Supplies and Expenses	579,087	845,004
183	(Less) (922) Administrative Expenses Transferred-Credit	927,606	1,110,676
184	(923) Outside Services Employed	4,483,815	5,885,492
185	(924) Property Insurance	406,399	367,523
186	(925) Injuries and Damages	1,922,195	1,370,196
187	(926) Employee Pensions and Benefits	7,869,045	4,765,373
188	(927) Franchise Requirements	184,545	183,096
189	(928) Regulatory Commission Expenses	-496	2,026
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	398,905	154,799
192	(930.2) Miscellaneous General Expenses	507,618	2,210,676
193	(931) Rents	345,115	655,351
194	TOTAL Operation (Enter Total of lines 181 thru 193)	22,500,883	20,866,703
195	Maintenance		
196	(935) Maintenance of General Plant	1,545,567	1,415,115
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	24,046,450	22,281,818
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	520,683,138	565,011,972

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Kentucky Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	5,582,193		
4	Transmission	381,020		
5	Regional Market			
6	Distribution	1,845,167		
7	Customer Accounts	1,433,061		
8	Customer Service and Informational	395,458		
9	Sales			
10	Administrative and General	1,094,018		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	10,730,917		
12	Maintenance			
13	Production	3,958,832		
14	Transmission	939,712		
15	Regional Market			
16	Distribution	7,119,916		
17	Administrative and General	816,162		
18	TOTAL Maintenance (Total of lines 13 thru 17)	12,834,622		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	9,541,025		
21	Transmission (Enter Total of lines 4 and 14)	1,320,732		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	8,965,083		
24	Customer Accounts (Transcribe from line 7)	1,433,061		
25	Customer Service and Informational (Transcribe from line 8)	395,458		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	1,910,180		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	23,565,539	1,362,414	24,927,953
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	23,565,539	1,362,414	24,927,953
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	9,682,745	559,797	10,242,542
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	9,682,745	559,797	10,242,542
72	Plant Removal (By Utility Departments)			
73	Electric Plant	2,169,057	125,402	2,294,459
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,169,057	125,402	2,294,459
77	Other Accounts (Specify, provide details in footnote):			
78				
79	152 - Fuel Stock Undistributed	1,224,152		1,224,152
80	163 - Stores Expense Undistributed	1,314,248	-1,314,248	
81	184 - Clearing Accounts	733,365	-733,365	
82	185 - ODD Temporary Facilities	31,636		31,636
83	186 - Misc Deferred Debits	64,385		64,385
84	188 - Research & Development	-371		-371
85	242 - Misc Current & Accrued Liab	827		827
86	426 - Political Activities	23,638		23,638
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	3,391,880	-2,047,613	1,344,267
96	TOTAL SALARIES AND WAGES	38,809,221		38,809,221

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SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440					
2	Residential Service - KY	6,074,826	438,166,576	418,211	14,526	0.0721
3	General Service - KY	640	54,229	281	2,278	0.0847
4	Volunteer Fire Department - KY	13	992	2	6,500	0.0763
5	Outdoor Lighting - KY	25,044	4,505,679	42,660	587	0.1799
6	Residential Service - TN	113	2,196	5	22,600	0.0194
7	Full Electric Res. Svc. - TN	13	323	1	13,000	0.0248
8	Outdoor Lighting - TN	2	141	3	667	0.0705
9	Residential Service - VA	417,644	28,183,355	24,913	16,764	0.0675
10	General Service - VA	8	1,209	192	42	0.1511
11	Outdoor Lighting -VA	3,649	683,561	4,674	781	0.1873
12	Duplicate Customers			-45,739		
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38	Subtotal	6,521,952	471,598,261	445,203	14,649	0.0723
39	Unbilled and Other Accruals	72,208	8,672,191			0.1201
40	Total	6,594,160	480,270,452	445,203	14,812	0.0728
41	TOTAL Billed	18,305,289	1,217,338,768	540,618	33,860	0.0665
42	Total Unbilled Rev.(See Instr. 6)	107,218	10,067,658	0	0	0.0939
43	TOTAL	18,412,507	1,227,406,426	540,618	34,058	0.0667

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SALES OF ELECTRICITY BY RATE SCHEDULES

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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 442					
2	Residential Service - KY	690	51,107	105	6,571	0.0741
3	Volunteer Fire Department - KY	6	474	1	6,000	0.0790
4	General Service -KY	1,680,687	140,253,541	72,746	23,103	0.0835
5	All Electric School - KY	10,289	658,125	39	263,821	0.0640
6	Outdoor Lighting - KY	48,272	6,275,411	20,801	2,321	0.1300
7	Small Time-of-Day Service - KY	21,189	1,084,293	6	3,531,500	0.0512
8	Combined Lighting & Power - KY	933,792	58,700,643	1,826	511,387	0.0629
9	Large Time-of-Day Service - KY	2,118,565	112,927,259	35	60,530,429	0.0533
10	Time-of-Day Service - KY	271,002	16,281,520	72	3,763,917	0.0601
11	Power Service - KY	3,187,236	200,078,135	5,449	584,921	0.0628
12	Industrial Service - KY	294,624	15,933,816	1	294,624,000	0.0541
13	IS Transmission - KY	62,037	4,121,902	1	62,037,000	0.0664
14	Curtailable Service Rider - KY		-5,686,165	2		
15	Redundant Capacity - KY		2,883	1		
16	Retail Transmission Service - KY	1,119,995	60,778,168	23	48,695,435	0.0543
17	Residential Service - VA	29	2,246	10	2,900	0.0774
18	General Service - VA	85,094	6,080,186	3,685	23,092	0.0715
19	Outdoor Lighting - VA	1,248	205,075	808	1,545	0.1643
20	Combined Lighting & Power - VA	83,065	4,461,512	63	1,318,492	0.0537
21	Curtailable Service Rider - VA		-19,200	1		
22	Power Service - VA	129,098	8,394,688	176	733,511	0.0650
23	Transmission Services - VA	98,109	5,710,503	8	12,263,625	0.0582
24	Duplicate Customers			-19,798		
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38	Subtotal	10,145,027	636,296,122	86,061	117,882	0.0627
39	Unbilled and Other Accruals	26,174	534,072			0.0204
40	Total	10,171,201	636,830,194	86,061	118,186	0.0626
41	TOTAL Billed	18,305,289	1,217,338,768	540,618	33,860	0.0665
42	Total Unbilled Rev.(See Instr. 6)	107,218	10,067,658	0	0	0.0939
43	TOTAL	18,412,507	1,227,406,426	540,618	34,058	0.0667

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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SALES OF ELECTRICITY BY RATE SCHEDULES

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1	Account 444					
2	Residential Service - KY	17	1,317	1	17,000	0.0775
3	General Service - KY	4,196	437,864	849	4,942	0.1044
4	Outdoor Lighting - KY	186	29,944	105	1,771	0.1610
5	Street Lighting - KY	41,010	8,773,154	1,102	37,214	0.2139
6	Combined Power & Lighting - KY	1,559	107,777	8	194,875	0.0691
7	Power Service - KY	5,010	348,855	22	227,727	0.0696
8	General Service - VA	44	5,325	7	6,286	0.1210
9	Street Lighting - VA	1,587	263,180	66	24,045	0.1658
10	Duplicate Customers			-746		
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38	Subtotal	53,609	9,967,416	1,414	37,913	0.1859
39	Unbilled and Other Accruals	330	218,340			0.6616
40	Total	53,939	10,185,756	1,414	38,146	0.1888
41	TOTAL Billed	18,305,289	1,217,338,768	540,618	33,860	0.0665
42	Total Unbilled Rev.(See Instr. 6)	107,218	10,067,658	0	0	0.0939
43	TOTAL	18,412,507	1,227,406,426	540,618	34,058	0.0667

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Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 445					
2	Residential Service - KY	2,239	171,447	292	7,668	0.0766
3	Volunteer Fire Department - KY	592	42,184	32	18,500	0.0713
4	General Service - KY	127,240	10,508,158	4,966	25,622	0.0826
5	All Electric School - KY	117,682	7,515,894	251	468,853	0.0639
6	Outdoor Lighting - KY	8,606	979,776	2,589	3,324	0.1138
7	Power Service - KY	603,981	39,264,256	971	622,020	0.0650
8	Combined Lighting & Power - KY	197,202	12,455,838	1,375	143,420	0.0632
9	Large Time-of-Day Svc. - KY	424,053	22,207,155	4	106,013,250	0.0524
10	Redundant Capacity - KY		7,560	2		
11	Retail Transmission Service - KY	20,565	1,093,397	9	2,285,000	0.0532
12	Residential Service - VA	589	39,514	40	14,725	0.0671
13	General Service - VA	14,170	1,112,360	528	26,837	0.0785
14	School Service - VA	23,501	1,220,618	148	158,791	0.0519
15	Outdoor Lighting - VA	656	107,636	215	3,051	0.1641
16	Power Service - VA	42,814	2,700,683	40	1,070,350	0.0631
17	Municipal Water Pumping - VA	811	50,493	11	73,727	0.0623
18	Duplicate Customers			-3,533		
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38	Subtotal	1,584,701	99,476,969	7,940	199,585	0.0628
39	Unbilled and Other Accruals	8,506	643,055			0.0756
40	Total	1,593,207	100,120,024	7,940	200,656	0.0628
41	TOTAL Billed	18,305,289	1,217,338,768	540,618	33,860	0.0665
42	Total Unbilled Rev.(See Instr. 6)	107,218	10,067,658	0	0	0.0939
43	TOTAL	18,412,507	1,227,406,426	540,618	34,058	0.0667

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	3,812,215	4,096,569
5	(501) Fuel	415,456,996	468,318,498
6	(502) Steam Expenses	12,683,781	12,298,437
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	5,475,237	5,592,653
10	(506) Miscellaneous Steam Power Expenses	17,161,081	10,595,994
11	(507) Rents		
12	(509) Allowances	1,076,442	619,818
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	455,665,752	501,521,969
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	8,032,502	6,147,126
16	(511) Maintenance of Structures	5,465,692	5,408,039
17	(512) Maintenance of Boiler Plant	30,085,584	25,209,896
18	(513) Maintenance of Electric Plant	10,030,450	9,741,859
19	(514) Maintenance of Miscellaneous Steam Plant	1,186,672	1,059,004
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	54,800,900	47,565,924
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	510,466,652	549,087,893
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	7,472	7,332
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses	66,166	42,056
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	73,638	49,388
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	102,893	104,880
54	(542) Maintenance of Structures	304,520	148,534
55	(543) Maintenance of Reservoirs, Dams, and Waterways	204,843	
56	(544) Maintenance of Electric Plant	90,818	76,469
57	(545) Maintenance of Miscellaneous Hydraulic Plant	4,890	5,629
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	707,964	335,512
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	781,602	384,900

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	151,335	177,861
63	(547) Fuel	18,240,318	44,080,973
64	(548) Generation Expenses	245,405	2,352,366
65	(549) Miscellaneous Other Power Generation Expenses	115,234	137,843
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	18,752,292	46,749,043
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	94,877	106,233
70	(552) Maintenance of Structures	273,434	157,283
71	(553) Maintenance of Generating and Electric Plant	1,355,144	2,318,502
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	526,041	517,893
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	2,249,496	3,099,911
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	21,001,788	49,848,954
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	198,813,399	221,176,768
77	(556) System Control and Load Dispatching	1,770,747	1,593,466
78	(557) Other Expenses	858,038	980,360
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	201,442,184	223,750,594
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	733,692,226	823,072,341
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	938,282	1,987,071
84	(561) Load Dispatching	1,142,269	1,028,651
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services	5,367	19,268
89	(561.5) Reliability, Planning and Standards Development	421,156	
90	(561.6) Transmission Service Studies	-90,921	47,889
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	385	1,386
93	(562) Station Expenses	427,272	400,774
94	(563) Overhead Lines Expenses	382,898	424,984
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	6,221,917	6,315,049
97	(566) Miscellaneous Transmission Expenses	5,244,100	4,842,910
98	(567) Rents	151,270	99,500
99	TOTAL Operation (Enter Total of lines 83 thru 98)	14,843,995	15,167,482
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures		
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	1,328,766	1,212,830
108	(571) Maintenance of Overhead Lines	4,955,410	3,143,960
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	383,109	375,802
111	TOTAL Maintenance (Total of lines 101 thru 110)	6,667,285	4,732,592
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	21,511,280	19,900,074

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	1,638,767	38,293
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	1,638,767	38,293
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	1,638,767	38,293
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	2,948,316	1,437,058
135	(581) Load Dispatching	732,823	603,830
136	(582) Station Expenses	1,104,093	1,229,962
137	(583) Overhead Line Expenses	3,661,640	4,122,244
138	(584) Underground Line Expenses	72,193	72,556
139	(585) Street Lighting and Signal System Expenses		10,104
140	(586) Meter Expenses	6,331,754	6,521,240
141	(587) Customer Installations Expenses	-52,277	-80,541
142	(588) Miscellaneous Expenses	4,255,583	4,687,096
143	(589) Rents	16,020	12,842
144	TOTAL Operation (Enter Total of lines 134 thru 143)	19,070,145	18,616,391
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	75,226	7,745
147	(591) Maintenance of Structures		685
148	(592) Maintenance of Station Equipment	627,174	959,759
149	(593) Maintenance of Overhead Lines	26,088,493	22,896,107
150	(594) Maintenance of Underground Lines	525,538	630,133
151	(595) Maintenance of Line Transformers	163,309	79,117
152	(596) Maintenance of Street Lighting and Signal Systems	24,802	60,839
153	(597) Maintenance of Meters		
154	(598) Maintenance of Miscellaneous Distribution Plant	1,890,125	-5,118
155	TOTAL Maintenance (Total of lines 146 thru 154)	29,394,667	24,629,267
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	48,464,812	43,245,658
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	2,162,211	1,940,125
160	(902) Meter Reading Expenses	3,980,247	3,761,113
161	(903) Customer Records and Collection Expenses	14,908,295	12,515,610
162	(904) Uncollectible Accounts	3,879,137	3,919,708
163	(905) Miscellaneous Customer Accounts Expenses	381,731	334,960
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	25,311,621	22,471,516

- Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Utilities Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	169,903	252,037
168	(908) Customer Assistance Expenses	11,302,051	2,726,413
169	(909) Informational and Instructional Expenses	152,470	68,864
170	(910) Miscellaneous Customer Service and Informational Expenses	2,718,541	1,870,819
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	14,342,965	4,918,133
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	7,959	
176	(913) Advertising Expenses	52,319	58,162
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	60,278	58,162
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	17,889,542	16,142,090
182	(921) Office Supplies and Expenses	5,425,432	6,798,911
183	(Less) (922) Administrative Expenses Transferred-Credit	2,091,217	1,992,872
184	(923) Outside Services Employed	6,534,631	12,763,789
185	(924) Property Insurance	3,300,729	2,832,972
186	(925) Injuries and Damages	1,840,624	1,226,235
187	(926) Employee Pensions and Benefits	38,828,205	24,119,043
188	(927) Franchise Requirements	3,490	3,196
189	(928) Regulatory Commission Expenses	1,200,955	1,192,613
190	(929) (Less) Duplicate Charges-Cr.	3,490	3,196
191	(930.1) General Advertising Expenses	760,367	585,277
192	(930.2) Miscellaneous General Expenses	1,949,580	1,738,084
193	(931) Rents	1,970,871	1,741,354
194	TOTAL Operation (Enter Total of lines 181 thru 193)	77,609,719	67,147,496
195	Maintenance		
196	(935) Maintenance of General Plant	9,453,795	8,415,586
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	87,063,514	75,563,082
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	932,085,463	989,267,259

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Utilities Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	17,500,521		
4	Transmission	2,367,803		
5	Regional Market			
6	Distribution	10,070,516		
7	Customer Accounts	8,670,255		
8	Customer Service and Informational	1,016,373		
9	Sales			
10	Administrative and General	14,106,180		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	53,731,648		
12	Maintenance			
13	Production	12,282,281		
14	Transmission	641,062		
15	Regional Market			
16	Distribution	9,095,722		
17	Administrative and General	3,723,684		
18	TOTAL Maintenance (Total of lines 13 thru 17)	25,742,749		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	29,782,802		
21	Transmission (Enter Total of lines 4 and 14)	3,008,865		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	19,166,238		
24	Customer Accounts (Transcribe from line 7)	8,670,255		
25	Customer Service and Informational (Transcribe from line 8)	1,016,373		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	17,829,864		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	79,474,397	17,948,658	97,423,055
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kentucky Utilities Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	79,474,397	17,948,658	97,423,055
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	20,043,010	12,632,608	32,675,618
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	20,043,010	12,632,608	32,675,618
72	Plant Removal (By Utility Departments)			
73	Electric Plant	1,409,771	854,779	2,264,550
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	1,409,771	854,779	2,264,550
77	Other Accounts (Specify, provide details in footnote):			
78	Accounts Receivable (work done for others)	993,656	214,483	1,208,139
79	Materials & Supplies	1,003	-2	1,001
80	Miscellaneous Deferred Debits & Preliminary Survey	50,430	10,339	60,769
81	Certain Civic, Political and Related Activities and Other	871,506	109,235	980,741
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95	TOTAL Other Accounts	1,916,595	334,055	2,250,650
96	TOTAL SALARIES AND WAGES	102,843,773	31,770,100	134,613,873

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440					
2	Residential Service (RS)	4,060,941	306,376,037	344,537	11,787	0.0754
3	Volunteer Fire Department (VFD)	292	20,653	3	97,333	0.0707
4	General Service (GS)	288	25,917	63	4,571	0.0900
5	Commercial Power Service (CPS)	1,102	94,663	1	1,102,000	0.0859
6	Residential Responsive Pricing (R	1,025	74,191	73	14,041	0.0724
7	Restricted Lighting Service (RLS)	5,574	866,563	5,731	973	0.1555
8	Lighting Service	448	86,922	3,305	136	0.1940
9	Duplicate Customers			-9,036		
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38	Subtotal	4,069,670	307,544,946	344,677	11,807	0.0756
39	Unbilled and Other Accruals	26,136	2,795,562			0.1070
40	Total	4,095,806	310,340,508	344,677	11,883	0.0758
41	TOTAL Billed	11,333,159	761,218,395	390,825	28,998	0.0672
42	Total Unbilled Rev.(See Instr. 6)	71,998	3,970,846	0	0	0.0552
43	TOTAL	11,405,157	765,189,241	390,825	29,182	0.0671

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 442					
2	Residential Service (RS)	27	2,235	30	900	0.0828
3	General Service (GS)	1,280,147	102,810,102	39,078	32,759	0.0803
4	General Responsive Pricing (GRP)	8	819	2	4,000	0.1024
5	Commercial Power Service (CPS)	1,817,624	115,692,342	2,468	736,476	0.0637
6	Commercial Time-of-Day (CTOD)	442,975	25,558,249	70	6,328,214	0.0577
7	Industrial Time-of-Day (ITOD)	1,525,578	76,383,012	43	35,478,558	0.0501
8	Lighting Energy Service (LE)	78	1,969	1	78,000	0.0252
9	Restricted Lighting Service (RLS)	31,601	4,391,682	6,745	4,685	0.1390
10	Lighting Service	17,620	2,668,412	3,487	5,053	0.1514
11	Curtailable Service Rider (CSR)		-2,121,769	1		
12	Retail Transmission Service (RTS)	289,602	13,638,745	3	96,534,000	0.0471
13	Industrial Power (Special Contrac	13,421	666,174	1	13,421,000	0.0496
14	Industrial Power Service (IPS)	575,124	35,938,635	316	1,820,013	0.0625
15	Duplicate Customers			-10,480		
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38	Subtotal	5,993,805	375,630,607	41,765	143,513	0.0627
39	Unbilled and Other Accruals	35,561	909,498			0.0256
40	Total	6,029,366	376,540,105	41,765	144,364	0.0625
41	TOTAL Billed	11,333,159	761,218,395	390,825	28,998	0.0672
42	Total Unbilled Rev.(See Instr. 6)	71,998	3,970,846	0	0	0.0552
43	TOTAL	11,405,157	765,189,241	390,825	29,182	0.0671

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
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5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 444					
2	Residential Service (RS)	1	106	1	1,000	0.1060
3	General Service (GS)	2	198	1	2,000	0.0990
4	Lighting Energy Service (LE)	2,848	140,914	32	89,000	0.0495
5	Traffic Energy Service (TE)	2,815	201,453	221	12,738	0.0716
6	Restricted Lighting Service (RLS)	53,574	6,479,454	590	90,803	0.1209
7	Lighting Service	69	13,259	1	69,000	0.1922
8	Duplicate Customers			-5		
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38	Subtotal	59,309	6,835,384	841	70,522	0.1153
39	Unbilled and Other Accruals	-296	-29,279			0.0989
40	Total	59,013	6,806,105	841	70,170	0.1153
41	TOTAL Billed	11,333,159	761,218,395	390,825	28,998	0.0672
42	Total Unbilled Rev.(See Instr. 6)	71,998	3,970,846	0	0	0.0552
43	TOTAL	11,405,157	765,189,241	390,825	29,182	0.0671

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 445					
2	Residential Service (RS)	23	1,878	181	127	0.0817
3	General Service (GS)	116,069	9,106,609	1,984	58,503	0.0785
4	Commercial Power Service (CPS)	319,566	22,228,880	261	1,224,391	0.0696
5	Commercial Time-of-Day (CTOD)	260,426	14,260,196	15	17,361,733	0.0548
6	Restricted Lighting Service (RLS)	12	5,261	1,165	10	0.4384
7	Special Contracts	277,372	13,044,433	3	92,457,333	0.0470
8	Retail Transmission Service	60,618	2,946,604	3	20,206,000	0.0486
9	Industrial Power Service (IPS)	25,362	1,660,775	30	845,400	0.0655
10	Industrial Time-of-Day (ITOD)	147,503	7,692,752	13	11,346,385	0.0522
11	Traffic Energy Service (TE)	2,558	73,857	658	3,888	0.0289
12	Lighting Service	866	186,213	231	3,749	0.2150
13	Duplicate Customers			-1,002		
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38	Subtotal	1,210,375	71,207,458	3,542	341,721	0.0588
39	Unbilled and Other Accruals	10,597	295,065			0.0278
40	Total	1,220,972	71,502,523	3,542	344,713	0.0586
41	TOTAL Billed	11,333,159	761,218,395	390,825	28,998	0.0672
42	Total Unbilled Rev.(See Instr. 6)	71,998	3,970,846	0	0	0.0552
43	TOTAL	11,405,157	765,189,241	390,825	29,182	0.0671

Name of Respondent: Louisville Gas and Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): / /	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	2,226,700	2,213,780
5	(501) Fuel	318,793,382	322,081,928
6	(502) Steam Expenses	35,079,902	35,626,918
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	776,815	795,673
10	(506) Miscellaneous Steam Power Expenses	15,404,894	15,126,246
11	(507) Rents		17,084
12	(509) Allowances	1,756	5,118
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	372,283,449	375,866,747
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	2,758,825	3,051,496
16	(511) Maintenance of Structures	2,817,156	1,922,394
17	(512) Maintenance of Boiler Plant	39,181,614	35,721,440
18	(513) Maintenance of Electric Plant	6,995,063	8,421,773
19	(514) Maintenance of Miscellaneous Steam Plant	1,683,302	1,341,151
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	53,435,960	50,458,254
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	425,719,409	426,325,001
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	109,931	12,012
45	(536) Water for Power	39,077	38,696
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses	162,157	170,379
48	(539) Miscellaneous Hydraulic Power Generation Expenses	110,476	109,403
49	(540) Rents	374,245	262,786
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	795,886	593,276
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	92	2,599
54	(542) Maintenance of Structures	248,057	223,640
55	(543) Maintenance of Reservoirs, Dams, and Waterways	115,135	181,802
56	(544) Maintenance of Electric Plant	200,207	240,498
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	563,491	648,539
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	1,359,377	1,241,815

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	30,498	44,183
63	(547) Fuel	9,439,616	22,454,807
64	(548) Generation Expenses	119,374	1,241,571
65	(549) Miscellaneous Other Power Generation Expenses	40,630	41,895
66	(550) Rents		7,612
67	TOTAL Operation (Enter Total of lines 62 thru 66)	9,630,118	23,790,068
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	40,908	35,596
70	(552) Maintenance of Structures	64,248	63,849
71	(553) Maintenance of Generating and Electric Plant	715,958	1,498,648
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	108,968	237,693
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	930,082	1,835,786
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	10,560,200	25,625,854
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	58,430,270	117,907,533
77	(556) System Control and Load Dispatching	1,500,344	1,099,995
78	(557) Other Expenses	-80,375	4,403,967
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	59,850,239	123,411,495
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	497,489,225	576,604,165
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	625,248	1,204,930
84	(561) Load Dispatching	802,690	753,691
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services	665	296
89	(561.5) Reliability, Planning and Standards Development	180,839	
90	(561.6) Transmission Service Studies	-16,713	7,259
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	48	21
93	(562) Station Expenses	1,385,715	1,117,869
94	(563) Overhead Lines Expenses	118,896	123,399
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	2,216,931	6,866,047
97	(566) Miscellaneous Transmission Expenses	3,307,309	3,060,315
98	(567) Rents	22,388	22,903
99	TOTAL Operation (Enter Total of lines 83 thru 98)	8,644,016	13,156,730
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures	17,281	47,485
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	1,240,987	1,057,903
108	(571) Maintenance of Overhead Lines	969,162	685,928
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	4,371	-1,329
111	TOTAL Maintenance (Total of lines 101 thru 110)	2,231,801	1,789,987
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	10,875,817	14,946,717

Name of Respondent: Louisville Gas and Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr): / /	Year/Period of Report: End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	1,138,105	46,675
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	1,138,105	46,675
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	1,138,105	46,675
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	1,877,095	1,177,320
135	(581) Load Dispatching	409,587	311,215
136	(582) Station Expenses	1,032,853	977,905
137	(583) Overhead Line Expenses	3,433,395	5,113,226
138	(584) Underground Line Expenses	272,945	384,315
139	(585) Street Lighting and Signal System Expenses	9,981	50,605
140	(586) Meter Expenses	5,942,766	5,496,042
141	(587) Customer Installations Expenses	-162,146	-219,344
142	(588) Miscellaneous Expenses	2,768,018	3,371,056
143	(589) Rents	14,163	13,726
144	TOTAL Operation (Enter Total of lines 134 thru 143)	15,598,657	16,676,066
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	27,054	16,822
147	(591) Maintenance of Structures	751,722	773,756
148	(592) Maintenance of Station Equipment	921,725	877,994
149	(593) Maintenance of Overhead Lines	10,994,768	11,888,812
150	(594) Maintenance of Underground Lines	1,668,693	1,689,915
151	(595) Maintenance of Line Transformers	266,426	213,177
152	(596) Maintenance of Street Lighting and Signal Systems	437,359	667,913
153	(597) Maintenance of Meters		
154	(598) Maintenance of Miscellaneous Distribution Plant	329,436	90,057
155	TOTAL Maintenance (Total of lines 146 thru 154)	15,397,183	16,218,446
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	30,995,840	32,894,512
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	823,512	667,580
160	(902) Meter Reading Expenses	2,151,907	2,034,678
161	(903) Customer Records and Collection Expenses	5,312,623	4,626,491
162	(904) Uncollectible Accounts	2,596,683	1,809,447
163	(905) Miscellaneous Customer Accounts Expenses	376,263	336,884
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	11,260,988	9,475,080

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	115,213	135,473
168	(908) Customer Assistance Expenses	7,757,524	1,089,690
169	(909) Informational and Instructional Expenses	117,749	114,512
170	(910) Miscellaneous Customer Service and Informational Expenses	1,903,306	1,329,338
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	9,893,792	2,669,013
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	7,960	
176	(913) Advertising Expenses	33,484	40,713
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	41,444	40,713
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	14,424,352	13,397,761
182	(921) Office Supplies and Expenses	4,071,224	5,420,655
183	(Less) (922) Administrative Expenses Transferred-Credit	2,249,822	2,354,851
184	(923) Outside Services Employed	6,031,817	4,330,258
185	(924) Property Insurance	3,469,902	2,957,746
186	(925) Injuries and Damages	1,771,382	1,364,902
187	(926) Employee Pensions and Benefits	37,681,044	22,418,737
188	(927) Franchise Requirements	32,794	29,035
189	(928) Regulatory Commission Expenses	1,023,583	758,033
190	(929) (Less) Duplicate Charges-Cr.	33,478	36,464
191	(930.1) General Advertising Expenses	357,930	350,963
192	(930.2) Miscellaneous General Expenses	1,431,683	1,515,906
193	(931) Rents	1,431,630	1,343,352
194	TOTAL Operation (Enter Total of lines 181 thru 193)	69,444,041	51,496,033
195	Maintenance		
196	(935) Maintenance of General Plant	7,255,373	6,709,800
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	76,699,414	58,205,833
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	638,394,625	694,882,708

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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	21,930,377		
4	Transmission	1,869,197		
5	Regional Market			
6	Distribution	7,663,862		
7	Customer Accounts	3,198,589		
8	Customer Service and Informational	742,935		
9	Sales			
10	Administrative and General	11,085,941		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	46,490,901		
12	Maintenance			
13	Production	10,411,181		
14	Transmission	235,111		
15	Regional Market			
16	Distribution	3,748,194		
17	Administrative and General	2,882,210		
18	TOTAL Maintenance (Total of lines 13 thru 17)	17,276,696		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	32,341,558		
21	Transmission (Enter Total of lines 4 and 14)	2,104,308		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	11,412,056		
24	Customer Accounts (Transcribe from line 7)	3,198,589		
25	Customer Service and Informational (Transcribe from line 8)	742,935		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	13,968,151		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	63,767,597	14,292,475	78,060,072
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	479,375		
34	Storage, LNG Terminaling and Processing	1,470,938		
35	Transmission	357,915		
36	Distribution	3,000,696		
37	Customer Accounts	2,615,816		
38	Customer Service and Informational	403,802		
39	Sales			
40	Administrative and General	2,636,572		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	10,965,114		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing	1,057,488		
47	Transmission	97,997		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Louisville Gas and Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	4,078,478		
49	Administrative and General	1,012,526		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	6,246,489		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	479,375		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru	2,528,426		
56	Transmission (Lines 35 and 47)	455,912		
57	Distribution (Lines 36 and 48)	7,079,174		
58	Customer Accounts (Line 37)	2,615,816		
59	Customer Service and Informational (Line 38)	403,802		
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)	3,649,098		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	17,211,603	3,948,093	21,159,696
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	80,979,200	18,240,568	99,219,768
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	7,066,137	6,514,587	13,580,724
69	Gas Plant	2,123,892	2,239,535	4,363,427
70	Other (provide details in footnote):	1,404,759	403,981	1,808,740
71	TOTAL Construction (Total of lines 68 thru 70)	10,594,788	9,158,103	19,752,891
72	Plant Removal (By Utility Departments)			
73	Electric Plant	782,766	547,792	1,330,558
74	Gas Plant	146,331	94,046	240,377
75	Other (provide details in footnote):	981	264	1,245
76	TOTAL Plant Removal (Total of lines 73 thru 75)	930,078	642,102	1,572,180
77	Other Accounts (Specify, provide details in footnote):			
78	Accounts Receivable (work done for others)	2,844,420	492,222	3,336,642
79	Miscellaneous Deferred Debits & Preliminary Survey	122,248	5,303	127,551
80	Certain Civic, Political and Related Activities and Other	397,654	100,575	498,229
81	Accounts Receivable (Non-jurisdictional - Trimble County)	1,766,401	404,398	2,170,799
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	5,130,723	1,002,498	6,133,221
96	TOTAL SALARIES AND WAGES	97,634,789	29,043,271	126,678,060

 - Privileged Data

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	440 RESIDENTIAL SALES					
2	R-M RESIDENTIAL: MULTI-UNIT	20,886	2,195,277	2,589	8,067	0.1051
3	R RESIDENTIAL	23,350,248	2,377,786,465	1,874,473	12,457	0.1018
4	TOU-REO TIME-OF-USE -					
5	RESIDENTIAL ENERGY ONLY	13,361	1,361,484	1,119	11,940	0.1019
6	OL-NGRE OUTDOOR LIGHTING	67,282	15,114,627	5,765	11,671	0.2246
7	OL-NGUN OUTDOOR LIGHTING	28,360	2,397,267	1,569	18,075	0.0845
8	UC UNMETERED -					
9	COMMUNICATION	90	12,742	9	10,000	0.1416
10	FLAT-R FLAT BILL RESIDENTIAL	2,356,671	261,761,765	153,426	15,360	0.1111
11	FLAT-GS FLAT BILL GENERAL					
12	SERVICE	192	26,074	17	11,294	0.1358
13	PLS-R POWER & LIGHT - SMALL	31,321	3,272,276	735	42,614	0.1045
14	PLM-R POWER & LIGHT - MEDIUM	118,497	10,152,513	206	575,228	0.0857
15	PLL-R POWER & LIGHT - LARGE	81,410	7,358,258	22	3,700,455	0.0904
16	GS-R GENERAL SERVICE	2,013	701,052	4,883	412	0.3483
17	SUBTOTAL	26,070,331	2,682,139,800	2,044,813	12,749	0.1029
18	UNREAD & UNBILLED ADJ.	201,895	-17,253,282			-0.0855
19						
20	TOTAL (ACCOUNT 440)	26,272,226	2,664,886,518	2,044,813	12,848	0.1014
21						
22	442 COMMERCIAL AND					
23	INDUSTRIAL SALES					
24						
25	SMALL (OR COMMERCIAL) SALES					
26	SCH SCHOOL SERVICE	337,620	33,520,257	1,663	203,019	0.0993
27	SLM SCHOOL LOAD	1,844,709	136,345,134	1,310	1,408,175	0.0739
28	TOU-HLF TIME OF USE HIGH					
29	HIGH LOAD FACTOR	105,048	7,971,129	28	3,751,714	0.0759
30	OLNG-BB OUTDOOR LIGHTING	33,678	2,841,465	3,816	8,825	0.0844
31	TOU-MAM TIME OF USE -					
32	MULTIPLE ACCOUNT MGT	8,060	667,029	4	2,015,000	0.0828
33	OL-NGRE OUTDOOR LIGHTING	161,520	25,890,801	7,728	20,901	0.1603
34	RTPDSCH REAL TIME PRICING					
35	DAY AHEAD - SCHOOL SERVICE	128,442	8,464,689	66	1,946,091	0.0659
36	RTPDSLM REAL TIME PRICING					
37	DAY AHEAD - SCHOOL LOAD	307,157	18,436,728	84	3,656,631	0.0600
38	OL-UN OUTDOOR LIGHTING	357,317	30,131,874	12,296	29,060	0.0843
39	UC UNMETERED	82,853	11,833,781	11,358	7,295	0.1428
40	FLAT-GS FLAT BILL - GEN SRV	19,880	3,332,839	2,297	8,655	0.1676
41	TOTAL Billed	80,808,451	6,945,965,732	2,354,531	34,320	0.0860
42	Total Unbilled Rev.(See Instr. 6)	538,059	-81,516,463	0	0	-0.1515
43	TOTAL	81,346,510	6,864,449,269	2,354,531	34,549	0.0844

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RTPDHLF RTP DAY AHEAD - TIME	339,923	23,465,467	68	4,998,868	0.0690
2	TOU-MB TIME OF USE-MULTIPLE	530,018	45,878,862	2,142	247,441	0.0866
3	PLS-C POWER & LIGHT - SMALL	2,895,783	333,717,717	65,480	44,224	0.1152
4	PLM-C POWER & LIGHT - MEDIUM	10,583,486	1,017,908,908	36,247	291,982	0.0962
5	PLL-C POWER & LIGHT - LARGE	2,672,531	223,728,620	499	5,355,774	0.0837
6	TOUGSD-C TIME OF USE -	239,636	23,387,344	420	570,562	0.0976
7	TOUSSD-C TIME OF USE -	14,262	1,143,944	1	14,262,000	0.0802
8	OGS-C OPTIONAL GEN SRV	5,172	989,521	230	22,487	0.1913
9	IOP-C IRRIGATION OFF-PEAK	27,843	2,621,941	423	65,823	0.0942
10	G-C GOVERNMENTAL	111,454	8,378,329	10	11,145,400	0.0752
11	GS-C GENERAL SERVICE	1,118,293	172,397,703	139,994	7,988	0.1542
12	TOUEO-C ENERGY ONLY	524,889	56,235,814	6,351	82,647	0.1071
13	SASND-C SEASONAL AGRIC.	1,467	177,907	37	39,649	0.1213
14	MLM-C MULTIPLE LOAD	169,888	11,272,152	11	15,444,364	0.0664
15	RTPHPLLC POWER & LIGHT LRG.	397,229	22,923,667	7	56,747,000	0.0577
16	RTPHPLMC POWER & LIGHT MED.	28,559	1,279,103	1	28,559,000	0.0448
17	RTPHGC RTP G-COM	61,313	3,172,919	1	61,313,000	0.0517
18	RTPHGOVC GOVERNMENTAL	308,300	19,657,844	12	25,691,667	0.0638
19	RTGSDC GEN. SERV. DEMAND	126,173	9,998,441	39	3,235,205	0.0792
20	RTPDLLC POWER & LIGHT LARGE	2,737,116	188,852,941	245	11,171,902	0.0690
21	RTPDPLMC POWER & LIGHT					
22	MEDIUM	2,114,800	128,485,599	699	3,025,465	0.0608
23	FPA-COM FIXED PRICING ALT	1,112,345	82,581,782	226	4,921,881	0.0742
24	SAS-COM SEASONAL					
25	AGRICULTURAL SERVICE	16,057	1,294,862	181	88,713	0.0806
26	APS-COM AGRICULTURAL	7,196	633,783	60	119,933	0.0881
27	FSTOU-C FARM SERVICE	44,874	4,086,192	1,273	35,251	0.0911
28	RTPDTEOC RTP DAY AHEAD	5,569	274,589	4	1,392,250	0.0493
29	RTPDMPC RTP MULTIPLE LOAD	511,290	33,162,769	40	12,782,250	0.0649
30	RTPDMTC RTP TRANSMISSION	246,058	16,142,575	10	24,605,800	0.0656
31	RTPHMPC RTP PRIMARY	495,940	28,346,589	6	82,656,667	0.0572
32	RTPHMTC RTP HOUR AHEAD	876,802	46,891,118	5	175,360,400	0.0535
33	RTDSSDC RTP SPECIAL SERVICE	8,644	792,469	1	8,644,000	0.0917
34	TOUSCFC TIME OF USE -	1,074	53,575	1	1,074,000	0.0499
35	RTPDFPAC RTP FIXED PRICING	289,453	20,977,047	19	15,234,368	0.0725
36	TOUSCC SUPPLIER CHOICE	385,091	23,411,189	10	38,509,100	0.0608
37	RTPHFPAC RTP HOUR FIXED	9,224	458,659	1	9,224,000	0.0497
38						
39	UNREAD & UNBILLED ADJ	188,795	-28,354,273			-0.1502
40	SUBTOTAL (SMALL SALES)	32,592,831	2,805,863,394	295,404	110,333	0.0861
41	TOTAL Billed	80,808,451	6,945,965,732	2,354,531	34,320	0.0860
42	Total Unbilled Rev.(See Instr. 6)	538,059	-81,516,463	0	0	-0.1515
43	TOTAL	81,346,510	6,864,449,269	2,354,531	34,549	0.0844

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3	LARGE (OR INDUSTRIAL) SALES					
4	OL-NGRE OUTDOOR LIGHTING	7,990	1,237,863	278	28,741	0.1549
5	RTPHPLH POWER & LIGHT					
6	HIGH LOAD FACTOR	837,563	41,530,473	1	837,563,000	0.0496
7	OL-UN OUTDOOR LIGHTING	13,843	1,167,971	198	69,914	0.0844
8	RTPDAOI OPTIONAL	4,714	262,317	1	4,714,000	0.0556
9	FLAT-GS FLAT BILL GEN SRV	267	44,048	45	5,933	0.1650
10	PLS-I POWER & LIGHT - SMALL	48,942	5,418,970	1,031	47,470	0.1107
11	PLM-I POWER & LIGHT - MEDIUM	868,217	85,949,914	2,122	409,150	0.0990
12	PLL-I POWER & LIGHT - LARGE	911,817	78,270,087	174	5,240,328	0.0858
13	TOUGSD-I TIME OF USE -					
14	GENERAL SERVICE DEMAND	111,224	11,269,002	137	811,854	0.1013
15	TOUSSD-I TIME OF USE -					
16	SPECIAL SERVICE DEMAND	25,951	2,243,358	3	8,650,333	0.0864
17	OGS-I OPTIONAL GENERAL SERV	1,057	203,659	64	16,516	0.1927
18	IOP-I IRRIGATION OFF-PEAK	408	33,365	3	136,000	0.0818
19	G-I GOVERNMENTAL	44,860	3,229,156	1	44,860,000	0.0720
20	GS-I GENERAL SERVICE	17,634	2,796,994	2,713	6,500	0.1586
21	TOUEO-I TIME OF USE -					
22	ENERGY ONLY	28,646	3,054,533	368	77,842	0.1066
23	SASND-I SEASONAL AGRICULT					
24	SERVICE - NON-DEMAND	337	43,065	13	25,923	0.1278
25	MLM-I MULTIPLE LOAD MGT	329,890	22,415,957	20	16,494,500	0.0679
26	RTPHPLLI RTP HOUR AHEAD -					
27	POWER & LIGHT LARGE	3,031,994	161,700,290	38	79,789,316	0.0533
28	RTPHPLMI RTP HOUR AHEAD -					
29	POWER & LIGHT MEDIUM	561,905	23,058,544	11	51,082,273	0.0410
30	RTPDGSDI RTP DAY AHEAD -					
31	TIME OF USE GENERAL SVC	129,808	9,343,663	30	4,326,933	0.0720
32	RTPDPLLI RTP DAY AHEAD -					
33	POWER & LIGHT LARGE	2,724,323	177,122,642	216	12,612,606	0.0650
34	RTPDPLMI RTP DAY AHEAD -					
35	POWER & LIGHT MEDIUM	874,703	48,268,277	189	4,628,058	0.0552
36	FPA-IND FIXED PRICING ALTER	3,256,633	211,179,988	256	12,721,223	0.0648
37	RTPDMSI RTP DAY AHEAD -					
38	MULTI LOAD MGT-SECOND	58,288	3,371,396	5	11,657,600	0.0578
39	SASIND SEASONAL AGRICULT	3,571	288,046	37	96,514	0.0807
40	APS-IND AGRICULTPROCESS	44,562	3,277,346	94	474,064	0.0735
41	TOTAL Billed	80,808,451	6,945,965,732	2,354,531	34,320	0.0860
42	Total Unbilled Rev.(See Instr. 6)	538,059	-81,516,463	0	0	-0.1515
43	TOTAL	81,346,510	6,864,449,269	2,354,531	34,549	0.0844

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RTPDTEOI RTP DAY AHEAD -					
2	TIME OF USE - ENERGY ONLY	2,270	113,567	3	756,667	0.0500
3	RTPDAPSI RTP DAY AHEAD -					
4	AGRICULT PROCESS SERVICE	10,926	689,524	4	2,731,500	0.0631
5	RTPDMPI RTP DAY AHEAD -					
6	MULTI LOAD MGT-PRIMARY	437,972	29,689,092	40	10,949,300	0.0678
7	RTPDMTI RTP DAY AHEAD -					
8	MULTI LOAD MGT-TRANS SERV	1,884,135	120,041,454	78	24,155,577	0.0637
9	RTPHMPI RTP HOUR AHEAD -					
10	MULTI LOAD MGT-PRIMARY	262,448	15,556,971	8	32,806,000	0.0593
11	RTPHMTI RTP HOUR AHEAD -					
12	MULTI LOAD MGT-TRANS SERV	4,996,674	275,199,985	50	99,933,480	0.0551
13	RTPDFPAI RTP DAY AHEAD -					
14	FIXED PRICING ALTERNATIVE	57,887	4,097,160	7	8,269,571	0.0708
15	TOUSCI TIME OF USE					
16	SUPPLIER CHOICE	55,993	3,884,781	4	13,998,250	0.0694
17	RTPHFPAI RTP HOUR AHEAD					
18	FIXED PRICING ALTERNATIVE	15,153	825,019	1	15,153,000	0.0544
19	TOUMBI MULTIPLE BUSINESS	90	7,450	1	90,000	0.0828
20	UNREAD & UNBILLED ADJ	147,368	-35,041,819			-0.2378
21	SUBTOTAL (LARGE SALES)	21,810,063	1,311,844,108	8,244	2,645,568	0.0601
22						
23						
24	TOTAL (ACCOUNT 442)	54,402,894	4,117,707,502	303,648	179,164	0.0757
25						
26	444 PUBLIC STREET AND					
27	HIGHWAY LIGHTING					
28	OL-GOVT OUTDOOR LIGHTING -					
29	GOVERNMENTAL	435,128	67,036,938	4,091	106,362	0.1541
30	TC TRAFFIC CONTROL	55,330	2,718,588	1,948	28,403	0.0491
31	OL-UN OUTDOOR LIGHTING	1,523	128,991	30	50,767	0.0847
32						
33	SUBTOTAL	491,981	69,884,517	6,069	81,065	0.1420
34						
35	UNREAD & UNBILLED ADJ.		-636,505			
36						
37	TOTAL (ACCOUNT 444)	491,981	69,248,012	6,069	81,065	0.1408
38						
39	446 SALES TO RAILROADS	179,409	12,837,821	1	179,409,000	0.0716
40	AND RAILWAYS					
41	TOTAL Billed	80,808,451	6,945,965,732	2,354,531	34,320	0.0860
42	Total Unbilled Rev.(See Instr. 6)	538,059	-81,516,463	0	0	-0.1515
43	TOTAL	81,346,510	6,864,449,269	2,354,531	34,549	0.0844

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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SALES OF ELECTRICITY BY RATE SCHEDULES

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Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RTPHET ELECTRIC					
2						
3	SUBTOTAL (ACCOUNTS 446)	179,409	12,837,821	1	179,409,000	0.0716
4	UNREAD & UNBILLED ADJ (446)		-230,584			
5	TOTAL (ACCOUNTS 446)	179,409	12,607,237	1	179,409,000	0.0703
6						
7						
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41	TOTAL Billed	80,808,451	6,945,965,732	2,354,531	34,320	0.0860
42	Total Unbilled Rev.(See Instr. 6)	538,059	-81,516,463	0	0	-0.1515
43	TOTAL	81,346,510	6,864,449,269	2,354,531	34,549	0.0844

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Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	11,217,704	17,135,290
5	(501) Fuel	2,000,054,371	2,019,731,750
6	(502) Steam Expenses	35,377,145	30,549,887
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	16,496,332	16,814,979
10	(506) Miscellaneous Steam Power Expenses	84,629,898	81,414,239
11	(507) Rents	60,092	606,124
12	(509) Allowances	24,059,419	39,639,435
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	2,171,894,961	2,205,891,704
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	23,503,424	29,270,946
16	(511) Maintenance of Structures	21,462,697	24,039,341
17	(512) Maintenance of Boiler Plant	91,743,985	120,640,614
18	(513) Maintenance of Electric Plant	20,096,513	25,908,568
19	(514) Maintenance of Miscellaneous Steam Plant	11,491,942	14,322,915
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	168,298,561	214,182,384
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	2,340,193,522	2,420,074,088
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	34,489,634	42,533,003
25	(518) Fuel	82,013,736	77,234,100
26	(519) Coolants and Water	709,852	1,006,825
27	(520) Steam Expenses	22,304,194	23,471,867
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	51,944	
31	(524) Miscellaneous Nuclear Power Expenses	42,669,834	39,126,057
32	(525) Rents	5,982	1,637
33	TOTAL Operation (Enter Total of lines 24 thru 32)	182,245,176	183,373,489
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	12,527,034	14,970,739
36	(529) Maintenance of Structures	3,949,650	4,714,038
37	(530) Maintenance of Reactor Plant Equipment	27,384,881	34,974,910
38	(531) Maintenance of Electric Plant	9,098,861	10,426,917
39	(532) Maintenance of Miscellaneous Nuclear Plant	11,198,175	10,065,929
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	64,158,601	75,152,533
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	246,403,777	258,526,022
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	864,127	1,416,773
45	(536) Water for Power	651,176	676,125
46	(537) Hydraulic Expenses	2,425,315	3,107,886
47	(538) Electric Expenses	3,124,530	3,215,111
48	(539) Miscellaneous Hydraulic Power Generation Expenses	5,329,433	5,769,277
49	(540) Rents	37,872	34,743
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	12,432,453	14,219,915
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	1,522,479	1,907,819
54	(542) Maintenance of Structures	1,565,152	1,502,118
55	(543) Maintenance of Reservoirs, Dams, and Waterways	1,143,985	2,078,264
56	(544) Maintenance of Electric Plant	3,733,769	5,527,694
57	(545) Maintenance of Miscellaneous Hydraulic Plant	684,767	745,012
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	8,650,152	11,760,907
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	21,082,605	25,980,822

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	1,453,326	2,228,488
63	(547) Fuel	610,800,846	675,811,481
64	(548) Generation Expenses	1,827,617	1,945,546
65	(549) Miscellaneous Other Power Generation Expenses	6,182,206	5,322,140
66	(550) Rents	166,478	166,739
67	TOTAL Operation (Enter Total of lines 62 thru 66)	620,430,473	685,474,394
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	2,025,319	1,963,727
70	(552) Maintenance of Structures	421,928	449,157
71	(553) Maintenance of Generating and Electric Plant	18,162,655	6,308,644
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	814,489	857,099
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	21,424,391	9,578,627
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	641,854,864	695,053,021
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	982,577,096	1,407,787,689
77	(556) System Control and Load Dispatching	10,465,129	16,428,173
78	(557) Other Expenses	20,155,381	18,886,190
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	1,013,197,606	1,443,102,052
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	4,262,732,374	4,842,736,005
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	9,154,736	9,907,153
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability	4,950,080	5,455,525
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	8,749,534	8,550,438
87	(561.3) Load Dispatch-Transmission Service and Scheduling	415,841	591,936
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	99,179	318,453
90	(561.6) Transmission Service Studies	1,355,334	1,498,330
91	(561.7) Generation Interconnection Studies	407,353	656,730
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	574,596	1,491,765
94	(563) Overhead Lines Expenses	747,224	695,727
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	4,782,849	6,804,719
97	(566) Miscellaneous Transmission Expenses	4,785,608	4,468,931
98	(567) Rents	5,222,409	-1,756,624
99	TOTAL Operation (Enter Total of lines 83 thru 98)	41,244,743	38,683,083
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	9,786,389	11,552,588
102	(569) Maintenance of Structures	753,132	181,195
103	(569.1) Maintenance of Computer Hardware	155,757	
104	(569.2) Maintenance of Computer Software	705,551	6,171
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	15,841,119	18,675,561
108	(571) Maintenance of Overhead Lines	26,780,962	27,671,571
109	(572) Maintenance of Underground Lines	20,488	19,192
110	(573) Maintenance of Miscellaneous Transmission Plant	117,782	8,080
111	TOTAL Maintenance (Total of lines 101 thru 110)	54,161,180	58,114,358
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	95,405,923	96,797,441

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	10,285,230	13,339,924
135	(581) Load Dispatching	15,831,546	10,882,248
136	(582) Station Expenses	2,063,414	1,959,809
137	(583) Overhead Line Expenses	2,109,956	12,128,117
138	(584) Underground Line Expenses	7,856,077	10,345,731
139	(585) Street Lighting and Signal System Expenses	2,341,800	2,323,489
140	(586) Meter Expenses	25,003,852	35,881,602
141	(587) Customer Installations Expenses	2,748,478	5,441,214
142	(588) Miscellaneous Expenses	21,143,551	6,706,247
143	(589) Rents	3,212,541	2,446,379
144	TOTAL Operation (Enter Total of lines 134 thru 143)	92,596,445	101,454,760
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	13,271,245	24,030,538
147	(591) Maintenance of Structures	708,782	316,012
148	(592) Maintenance of Station Equipment	9,183,939	11,066,810
149	(593) Maintenance of Overhead Lines	62,077,680	66,462,662
150	(594) Maintenance of Underground Lines	14,361,954	14,201,722
151	(595) Maintenance of Line Transformers	3,677,522	7,966,112
152	(596) Maintenance of Street Lighting and Signal Systems	13,745,509	14,995,780
153	(597) Maintenance of Meters	4,705,378	1,779,793
154	(598) Maintenance of Miscellaneous Distribution Plant	-470,477	-213,732
155	TOTAL Maintenance (Total of lines 146 thru 154)	121,261,532	140,605,697
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	213,857,977	242,060,457
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	3,814,809	10,337,645
160	(902) Meter Reading Expenses	32,480,565	29,846,018
161	(903) Customer Records and Collection Expenses	84,911,244	88,718,507
162	(904) Uncollectible Accounts	29,088,081	31,218,895
163	(905) Miscellaneous Customer Accounts Expenses	88,908	824,165
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	150,383,607	160,945,230

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	31,617,735	41,322,508
169	(909) Informational and Instructional Expenses	672,692	858,177
170	(910) Miscellaneous Customer Service and Informational Expenses	1,427,059	2,718,551
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	33,717,486	44,899,236
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	35,955,618	45,737,784
176	(913) Advertising Expenses	24,495	25,284
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	35,980,113	45,763,068
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	36,917,611	49,093,322
182	(921) Office Supplies and Expenses	22,458,695	23,567,209
183	(Less) (922) Administrative Expenses Transferred-Credit	2,770,939	6,326,796
184	(923) Outside Services Employed	130,636,042	118,410,993
185	(924) Property Insurance	33,570,381	32,250,405
186	(925) Injuries and Damages	22,661,815	25,639,182
187	(926) Employee Pensions and Benefits	120,553,041	92,922,944
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	8,167,485	8,375,278
190	(929) (Less) Duplicate Charges-Cr.	10,814,006	11,392,479
191	(930.1) General Advertising Expenses	3,450,342	9,297,834
192	(930.2) Miscellaneous General Expenses	10,813,936	8,963,686
193	(931) Rents	5,527,709	5,088,452
194	TOTAL Operation (Enter Total of lines 181 thru 193)	381,172,112	355,890,030
195	Maintenance		
196	(935) Maintenance of General Plant	12,854,343	14,631,881
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	394,026,455	370,521,911
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	5,186,103,935	5,803,723,348

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	83,071,794		
4	Transmission	10,484,997		
5	Regional Market			
6	Distribution	50,882,730		
7	Customer Accounts	59,384,131		
8	Customer Service and Informational	17,582,344		
9	Sales	22,281,480		
10	Administrative and General	44,032,587		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	287,720,063		
12	Maintenance			
13	Production	52,032,411		
14	Transmission	19,740,020		
15	Regional Market			
16	Distribution	48,366,291		
17	Administrative and General	3,790,153		
18	TOTAL Maintenance (Total of lines 13 thru 17)	123,928,875		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	135,104,205		
21	Transmission (Enter Total of lines 4 and 14)	30,225,017		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	99,249,021		
24	Customer Accounts (Transcribe from line 7)	59,384,131		
25	Customer Service and Informational (Transcribe from line 8)	17,582,344		
26	Sales (Transcribe from line 9)	22,281,480		
27	Administrative and General (Enter Total of lines 10 and 17)	47,822,740		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	411,648,938	8,521,594	420,170,532
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Georgia Power Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	411,648,938	8,521,594	420,170,532
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	147,206,129	11,564,075	158,770,204
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	147,206,129	11,564,075	158,770,204
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
78	Accounts Receivable	35,342,105	82,981	35,425,086
79	Printing and Reproduction	648,898		648,898
80	General Shops Expense	9,543,407		9,543,407
81	Other Clearing Accounts	3,256	3,043,165	3,046,421
82	Jobbing Work In Progress	1,399,553		1,399,553
83	Merchandise Sales	221,685		221,685
84	Civic, Political, & Related Expenses	1,849,616		1,849,616
85	Other Non-Operating Expense	5,284,750		5,284,750
86	All Other General Accounts	8,052,827		8,052,827
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	62,346,097	3,126,146	65,472,243
96	TOTAL SALARIES AND WAGES	621,201,164	23,211,815	644,412,979

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RESIDENTIAL SALES					
2	RS-33C Residential Service	3,224,793	288,919,802	233,663	13,801	0.0896
3	RS-33W Residential Water Heating	2,103,156	171,066,002	130,468	16,120	0.0813
4	PAL-12 Private Area Lighting	28,607	6,373,534	959	29,830	0.2228
5	UFL-12 Urban Flood Lighting	6	761			0.1268
6	RFL-12 Rural Flood Lighting	2	274	1	2,000	0.1370
7	DSL-11 Directional Security Ltg	1,276	262,499	91	14,022	0.2057
8	Miscellaneous	83	8,921	2	41,500	0.1075
9	TOTAL RESIDENTIAL	5,357,923	466,631,793	(1) 365,184	14,672	0.0871
10						
11						
12						
13						
14	COMMERCIAL SALES					
15	GS-295 General Lighting and Power	2,537,229	242,218,360	60,097	42,219	0.0955
16	B-31 Intermediate General Service	380,648	28,905,757	256	1,486,906	0.0759
17	C-26 Large General Service	112,426	7,619,310	10	11,242,600	0.0678
18	ALGS-7 Alternate Large Gen Ser.	369,091	21,824,109	8	46,136,375	0.0591
19	HLF-4 High Load Factor Gen Ser.	1,292,738	83,375,470	274	4,718,022	0.0645
20	Fayette	460	6,982	1	460,000	0.0152
21	GLP-14 Gen Ltg&Pwr-Redist&Res	2,066	172,519	1	2,066,000	0.0835
22	DSL-11 Directional Security Ltg	38,438	6,519,640	678	56,693	0.1696
23	SWH-17 Gen Space & Wtr Htg Ser	669	56,835	44	15,205	0.0850
24	PAL-12 Private Area Lighting	19,277	4,425,201	1,066	18,083	0.2296
25	UFL-12 Urban Flood Lighting	332	42,100	4	83,000	0.1268
26	RFL-12 Rural Flood Lighting	26	3,589			0.1380
27	Miscellaneous	2,175	273,989	239	9,100	0.1260
28	TOTAL COMMERCIAL	4,755,575	395,443,861	(2) 62,678	75,873	0.0832
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	INDUSTRIAL SALES					
2	GS-295 General Lighting and Power	137,818	14,251,661	2,397	57,496	0.1034
3	B-31 Intermediate General Service	154,796	13,462,528	102	1,517,608	0.0870
4	C-26 Large General Service	216,913	16,062,865	38	5,708,237	0.0741
5	ALGS-7 / Other	1,006,528	58,139,769	24	41,938,667	0.0578
6	HLF-4 High Load Factor Rate	631,588	41,361,880	82	7,702,293	0.0655
7	DSL-11 Directional Security Ltg	2,938	486,779	31	94,774	0.1657
8	IPS-23 Irrigation Pumping Power	12,384	1,709,852	328	37,756	0.1381
9	CG-26 Cotton Gin Service	143	18,218	1	143,000	0.1274
10	OM-28 Oil Mill Power Service	13,590	910,589	1	13,590,000	0.0670
11	IP-30 Ice Mfg Plant Power	976	76,635	3	325,333	0.0785
12	PAL-12 Private Area Lighting	583	121,204	32	18,219	0.2079
13	UFL-12 Urban Flood Lighting	41	5,121			0.1249
14	RFL-12 Rural Flood Lighting	2	328			0.1640
15	Miscellaneous	1	690	1	1,000	0.6900
16	TOTAL INDUSTRIAL	2,178,301	146,608,119	(3) 3,040	716,546	0.0673
17						
18						
19						
20	PUBLIC ST & HIGHWAY LIGHTING					
21	TF-20 Traffic Control Signal	6,167	472,746	226	27,288	0.0767
22	HL-16 Public Highway & Park Ltg	13,807	972,429	97	142,340	0.0704
23	SL-32 Municipal Street Lighting	67,084	11,585,314	138	486,116	0.1727
24	DSL-11 Directional Security Ltg	198	32,349	24	8,250	0.1634
25	Miscellaneous	1,735	113,852	6	289,167	0.0656
26	TOTAL PUBLIC STREET & HWY	88,991	13,176,690	(4) 491	181,244	0.1481
27						
28						
29						
30	OTHER SALES - PUBLIC AUTH					
31	GS-295 MS Gen. L&P Muni. Service	166,836	12,752,594	1,623	102,795	0.0764
32	MP-19 Municipal Pumping Power	82,369	6,877,390	1,808	45,558	0.0835
33	SE-26 State Institutions	53,871	3,555,958	8	6,733,875	0.0660
34	DSL-11 Directional Security Ltg	1,776	304,299	43	41,302	0.1713
35	PAL-12 Private Area Lighting	390	81,448	19	20,526	0.2088
36	UFL-12 Urban Flood Lighting	4	504			0.1260
37	Miscellaneous	11,366	990,941	239	47,556	0.0872
38	TOTAL OTHER SALES	316,612	24,563,134	(5) 3,740	84,656	0.0776
39						
40						
				(2)+(3)+(4)+(5)		
41	TOTAL Billed	0	0	435,133 0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	7,525,206	7,363,171
5	(501) Fuel	260,460,783	538,336,895
6	(502) Steam Expenses	1,701,238	1,766,295
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	1,989,129	1,772,191
10	(506) Miscellaneous Steam Power Expenses	6,254,385	6,125,574
11	(507) Rents	35,996	39,011
12	(509) Allowances	2,411,577	
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	280,378,314	555,403,137
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	904,183	911,087
16	(511) Maintenance of Structures	1,686,057	1,322,254
17	(512) Maintenance of Boiler Plant	12,724,282	13,426,157
18	(513) Maintenance of Electric Plant	7,568,925	4,560,829
19	(514) Maintenance of Miscellaneous Steam Plant	2,573,358	2,020,946
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	25,456,805	22,241,273
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	305,835,119	577,644,410
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	411,896	363,094
63	(547) Fuel		
64	(548) Generation Expenses	310,166	316,286
65	(549) Miscellaneous Other Power Generation Expenses	4,172,252	8,080,894
66	(550) Rents	1,073,412	1,097,321
67	TOTAL Operation (Enter Total of lines 62 thru 66)	5,967,726	9,857,595
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	17,656	23,419
70	(552) Maintenance of Structures	97,052	130,177
71	(553) Maintenance of Generating and Electric Plant	7,965,007	2,842,464
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	414,762	100,074
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	8,494,477	3,096,134
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	14,462,203	12,953,729
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	359,664,553	468,218,979
77	(556) System Control and Load Dispatching	738,224	661,214
78	(557) Other Expenses	78,403,225	-80,945,841
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	438,806,002	387,934,352
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	759,103,324	978,532,491
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	5,725,754	4,653,682
84	(561) Load Dispatching	528,153	634,395
85	(561.1) Load Dispatch-Reliability	207,235	208,416
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	1,443,348	1,567,157
87	(561.3) Load Dispatch-Transmission Service and Scheduling	477,020	465,886
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	413,343	387,312
90	(561.6) Transmission Service Studies	45,201	44,012
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	122,960	110,058
94	(563) Overhead Lines Expenses	214,390	407,935
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others		
97	(566) Miscellaneous Transmission Expenses	968,242	1,182,105
98	(567) Rents	1,009,592	762,096
99	TOTAL Operation (Enter Total of lines 83 thru 98)	11,155,238	10,423,054
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	2,989,357	2,836,896
102	(569) Maintenance of Structures	17,279	70,261
103	(569.1) Maintenance of Computer Hardware	244,045	343,118
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	1,541,699	1,449,542
108	(571) Maintenance of Overhead Lines	1,772,663	1,872,661
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	13,039	10,645
111	TOTAL Maintenance (Total of lines 101 thru 110)	6,578,082	6,583,123
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	17,733,320	17,006,177

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	5,638,451	6,310,465
135	(581) Load Dispatching	443,114	568,383
136	(582) Station Expenses	533,889	512,904
137	(583) Overhead Line Expenses	789,645	1,096,519
138	(584) Underground Line Expenses	385,420	672,833
139	(585) Street Lighting and Signal System Expenses	33,521	49,205
140	(586) Meter Expenses	1,958,346	1,882,509
141	(587) Customer Installations Expenses	552,270	547,212
142	(588) Miscellaneous Expenses	1,757,807	1,828,811
143	(589) Rents	276,884	266,742
144	TOTAL Operation (Enter Total of lines 134 thru 143)	12,369,347	13,735,583
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	869,860	933,672
147	(591) Maintenance of Structures	10,638	15,181
148	(592) Maintenance of Station Equipment	872,481	1,098,512
149	(593) Maintenance of Overhead Lines	11,760,241	14,226,610
150	(594) Maintenance of Underground Lines	803,002	1,125,220
151	(595) Maintenance of Line Transformers	8,633	17,473
152	(596) Maintenance of Street Lighting and Signal Systems	608,612	790,325
153	(597) Maintenance of Meters	167,790	191,213
154	(598) Maintenance of Miscellaneous Distribution Plant	594,514	599,829
155	TOTAL Maintenance (Total of lines 146 thru 154)	15,695,771	18,998,035
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	28,065,118	32,733,618
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	377,342	472,680
160	(902) Meter Reading Expenses	3,758,629	3,916,028
161	(903) Customer Records and Collection Expenses	17,647,249	18,553,597
162	(904) Uncollectible Accounts	6,203,188	6,444,046
163	(905) Miscellaneous Customer Accounts Expenses	71,579	70,211
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	28,057,987	29,456,562

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	113,526	262,141
168	(908) Customer Assistance Expenses	1,546,960	1,571,267
169	(909) Informational and Instructional Expenses	580,629	348,677
170	(910) Miscellaneous Customer Service and Informational Expenses	1,311,174	1,495,836
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	3,552,289	3,677,921
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	2,812	1,411
175	(912) Demonstrating and Selling Expenses	804,432	728,908
176	(913) Advertising Expenses	36,081	127,172
177	(916) Miscellaneous Sales Expenses	104,049	119,088
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	947,374	976,579
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	13,414,771	13,752,443
182	(921) Office Supplies and Expenses	1,289,890	1,651,360
183	(Less) (922) Administrative Expenses Transferred-Credit	-819,824	-764,367
184	(923) Outside Services Employed	9,605,226	10,113,112
185	(924) Property Insurance	14,978,974	15,371,859
186	(925) Injuries and Damages	4,956,000	3,951,358
187	(926) Employee Pensions and Benefits	25,179,302	25,116,433
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	1,677,124	1,274,898
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	346,166	261,027
192	(930.2) Miscellaneous General Expenses	2,961,511	1,201,266
193	(931) Rents	2,932,773	3,414,693
194	TOTAL Operation (Enter Total of lines 181 thru 193)	78,161,561	76,872,816
195	Maintenance		
196	(935) Maintenance of General Plant	2,317,092	2,366,089
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	80,478,653	79,238,905
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	917,938,065	1,141,622,253

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Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	7,511,266		
4	Transmission	1,398,922		
5	Regional Market			
6	Distribution	4,696,068		
7	Customer Accounts	3,205,909		
8	Customer Service and Informational	1,954,922		
9	Sales	120		
10	Administrative and General	2,795,722		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	21,562,929		
12	Maintenance			
13	Production	4,290,558		
14	Transmission	1,458,134		
15	Regional Market			
16	Distribution	5,403,393		
17	Administrative and General	183,597		
18	TOTAL Maintenance (Total of lines 13 thru 17)	11,335,682		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	11,801,824		
21	Transmission (Enter Total of lines 4 and 14)	2,857,056		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	10,099,461		
24	Customer Accounts (Transcribe from line 7)	3,205,909		
25	Customer Service and Informational (Transcribe from line 8)	1,954,922		
26	Sales (Transcribe from line 9)	120		
27	Administrative and General (Enter Total of lines 10 and 17)	2,979,319		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	32,898,611		32,898,611
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Entergy Mississippi, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	32,898,611		32,898,611
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	24,362,271		24,362,271
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	24,362,271		24,362,271
72	Plant Removal (By Utility Departments)			
73	Electric Plant	1,094,906		1,094,906
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	1,094,906		1,094,906
77	Other Accounts (Specify, provide details in footnote):			
78	Accounts Receivable Affiliate (Account 146)	1,943		1,943
79	Stores Expense Undistributed (Account 163)	1,325,087		1,325,087
80	Miscellaneous Current and Accrued Assets (Account 174)	300,205		300,205
81	Clearing Accounts (Account 184)	2,218,591		2,218,591
82	Miscellaneous Deferred Debits (Account 186)	30,896		30,896
83	Accumulated Provisions for Property Insurance (Account 228.1)	2,045,546		2,045,546
84	Accumulated Miscellaneous Operating Provisions (Account 228.4	9,596		9,596
85	Accounts Payable Affiliate (Account 234)	-15,872		-15,872
86	Deferred Credits (Account 253)	-43,970		-43,970
87	Civil, Political, and Related Expenses (Account 426.4)	253,531		253,531
88	Other Deductions (Account 426.5)	77		77
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	6,125,630		6,125,630
96	TOTAL SALARIES AND WAGES	64,481,418		64,481,418

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Residential Sales -440					
2	R - Residential	1,006,405	128,188,730	79,581	12,646	0.1274
3	RA - Res. all electric	1,065,465	130,459,320	72,403	14,716	0.1224
4	OL - Protective & Sec.	9,873	2,603,031			0.2637
5	R - SPH - E - Swim. Pool Htr.	52	6,313	15	3,467	0.1214
6	Unbilled MWH & Revenue	10,030	612,523			0.0611
7	Over recovery of fuel/ATA clause		-16,512,605			
8	Other Adjustments					
9	TOTAL RESIDENTIAL	2,091,825	245,357,312	151,999	13,762	0.1173
10						
11	Commercial Sales - 442					
12	GS - Small Power	1,091,248	122,406,612	21,431	50,919	0.1122
13	GSA - Small Power All Electric	835,615	87,644,953	10,398	80,363	0.1049
14	LGS - Large Power	690,228	56,962,678	60	11,503,800	0.0825
15	LGSA - Large Power All Electric	86,119	7,366,503	20	4,305,950	0.0855
16	OL - Protective & Sec.	46,520	8,395,007			0.1805
17	OSL - Outdoor Sports Lighting	6,106	728,203	268	22,784	0.1193
18	T - Temporary	14,385	2,147,543	916	15,704	0.1493
19	GP - Public authority	60,120	5,738,526	216	278,333	0.0955
20	Unbilled MWH & Revenue	20,907	828,291			0.0396
21	Over Recovery of Fuel/ATA Clause		-22,795,038			
22	Other Adjustments					
23	TOTAL COMMERCIAL	2,851,248	269,423,278	33,309	85,600	0.0945
24						
25	Industrial Sales - 442					
26	GS - Small Light & Power	236,921	22,482,818	332	713,617	0.0949
27	GSA - Small Power All Electric	53,240	5,241,950	93	572,473	0.0985
28	LGS - Large Power	1,524,776	127,422,175	70	21,782,514	0.0836
29	LGSA - Large Power All Electric	404,580	32,523,406	14	28,898,571	0.0804
30	F - Ice Plant					
31	OL - Protective & Sec.	3,321	524,775			0.1580
32	PH					
33	LPO - Lge Power - Highload Fac.	2,093,920	106,390,335	5	418,784,000	0.0508
34	Unbilled MWH & Revenue	13,166	151,270			0.0115
35	Over Recovery of Fuel/ATA Clause		-25,608,590			
36	Other Adjustments					
37	TOTAL INDUSTRIAL	4,329,924	269,128,139	514	8,423,977	0.0622
38						
39						
40						
41	TOTAL Billed	9,267,749	789,357,448	185,924	49,847	0.0852
42	Total Unbilled Rev.(See Instr. 6)	44,102	1,592,084	0	0	0.0361
43	TOTAL	9,311,851	790,949,532	185,924	50,084	0.0849

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Public St. & Hwy. Lighting -444					
2	SL - Street Light Govt. Auth.	37,106	7,177,152	83	447,060	0.1934
3	HIL - Highway Interchange	1,749	170,607	20	87,450	0.0975
4	OL - Protective & Sec.					
5	Unbilled MWH & Revenue					
6	Over Recovery of Fuel/ATA Clause					
7	Other Adjustments		-306,957			
8	TOTAL PUBLIC ST. & Hwy. Lgt.	38,855	7,040,802	103	377,233	0.1812
9						
10	Indepartmental Sales - 448					
11	GSA					
12	Unbilled MWH & Revenue					
13	Over Recovery of Fuel/ATA Clause					
14	Other Adjustments					
15	TOTAL INTERDEPARTMENTAL					
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40						
41	TOTAL Billed	9,267,749	789,357,448	185,924	49,847	0.0852
42	Total Unbilled Rev.(See Instr. 6)	44,102	1,592,084	0	0	0.0361
43	TOTAL	9,311,851	790,949,532	185,924	50,084	0.0849

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	3,860,537	4,562,694
5	(501) Fuel	252,002,162	340,772,687
6	(502) Steam Expenses	2,233,880	2,514,275
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	2,628,101	2,594,039
10	(506) Miscellaneous Steam Power Expenses	17,067,791	15,281,249
11	(507) Rents		
12	(509) Allowances	18,562,418	6,667,342
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	296,354,889	372,392,286
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	5,403,749	6,453,126
16	(511) Maintenance of Structures	3,032,985	3,129,682
17	(512) Maintenance of Boiler Plant	14,270,854	18,942,604
18	(513) Maintenance of Electric Plant	5,848,532	8,234,039
19	(514) Maintenance of Miscellaneous Steam Plant	1,415,607	1,714,148
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	29,971,727	38,473,599
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	326,326,616	410,865,885
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	1,057,886	1,499,364
63	(547) Fuel	249,122,420	239,063,017
64	(548) Generation Expenses	3,916,105	3,401,204
65	(549) Miscellaneous Other Power Generation Expenses	4,657,765	894,965
66	(550) Rents	26,102,188	26,393,158
67	TOTAL Operation (Enter Total of lines 62 thru 66)	284,856,364	271,251,708
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	2,006,684	2,309,557
70	(552) Maintenance of Structures	959,146	1,047,365
71	(553) Maintenance of Generating and Electric Plant	6,123,468	6,878,721
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	12,411,717	8,997,117
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	21,501,015	19,232,760
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	306,357,379	290,484,468
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	95,675,436	127,827,328
77	(556) System Control and Load Dispatching	1,420,897	1,649,463
78	(557) Other Expenses	1,206,411	1,455,242
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	98,302,744	130,932,033
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	730,986,739	832,282,386
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	659,819	902,562
84	(561) Load Dispatching	-42,046	1,127,441
85	(561.1) Load Dispatch-Reliability	142,989	111,944
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	821,718	574,839
87	(561.3) Load Dispatch-Transmission Service and Scheduling	368,638	72,734
88	(561.4) Scheduling, System Control and Dispatch Services	107,002	
89	(561.5) Reliability, Planning and Standards Development	284,681	124,523
90	(561.6) Transmission Service Studies	10,472	103,555
91	(561.7) Generation Interconnection Studies	19,094	
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	184,385	120,236
94	(563) Overhead Lines Expenses	172,904	98,143
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	150,381	208,345
97	(566) Miscellaneous Transmission Expenses	2,176,483	2,590,613
98	(567) Rents	110,688	111,999
99	TOTAL Operation (Enter Total of lines 83 thru 98)	5,167,208	6,146,934
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	466,742	584,723
102	(569) Maintenance of Structures	27,945	5,612
103	(569.1) Maintenance of Computer Hardware	18,565	44,333
104	(569.2) Maintenance of Computer Software	136,139	
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	928,837	716,519
108	(571) Maintenance of Overhead Lines	2,403,610	2,484,423
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	109,077	56,053
111	TOTAL Maintenance (Total of lines 101 thru 110)	4,090,915	3,891,663
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	9,258,123	10,038,597

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Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	2,332,552	2,447,282
135	(581) Load Dispatching	1,040,740	1,105,126
136	(582) Station Expenses	176,939	201,190
137	(583) Overhead Line Expenses	632,481	2,856,551
138	(584) Underground Line Expenses	866,737	1,415,706
139	(585) Street Lighting and Signal System Expenses	2,183,767	1,373,172
140	(586) Meter Expenses	2,990,445	4,112,227
141	(587) Customer Installations Expenses	95,201	55,772
142	(588) Miscellaneous Expenses	5,580,228	5,931,479
143	(589) Rents	82,630	123,878
144	TOTAL Operation (Enter Total of lines 134 thru 143)	15,981,720	19,622,383
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	2,397,522	2,396,046
147	(591) Maintenance of Structures	60,068	4,459
148	(592) Maintenance of Station Equipment	1,234,534	1,700,852
149	(593) Maintenance of Overhead Lines	7,119,138	8,516,813
150	(594) Maintenance of Underground Lines	1,084,122	1,050,177
151	(595) Maintenance of Line Transformers	354,203	806,946
152	(596) Maintenance of Street Lighting and Signal Systems		
153	(597) Maintenance of Meters	347,508	387,907
154	(598) Maintenance of Miscellaneous Distribution Plant	174,661	243,323
155	TOTAL Maintenance (Total of lines 146 thru 154)	12,771,756	15,106,523
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	28,753,476	34,728,906
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,127,455	1,331,461
160	(902) Meter Reading Expenses	2,148,847	2,036,697
161	(903) Customer Records and Collection Expenses	9,277,161	8,746,124
162	(904) Uncollectible Accounts	2,324,757	2,235,187
163	(905) Miscellaneous Customer Accounts Expenses	1,162,224	1,581,859
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	16,040,444	15,931,328

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	1,061,052	1,196,661
168	(908) Customer Assistance Expenses	4,016,464	4,405,453
169	(909) Informational and Instructional Expenses	390,503	364,794
170	(910) Miscellaneous Customer Service and Informational Expenses	171,667	376,628
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	5,639,686	6,343,536
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	574,535	700,706
175	(912) Demonstrating and Selling Expenses	3,426,499	3,787,882
176	(913) Advertising Expenses	498,526	515,120
177	(916) Miscellaneous Sales Expenses	230,007	277,023
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	4,729,567	5,280,731
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	14,461,035	15,808,823
182	(921) Office Supplies and Expenses	4,367,115	4,575,589
183	(Less) (922) Administrative Expenses Transferred-Credit	623,727	797,015
184	(923) Outside Services Employed	14,675,197	16,329,575
185	(924) Property Insurance	7,591,648	7,584,902
186	(925) Injuries and Damages	1,900,076	2,073,852
187	(926) Employee Pensions and Benefits	18,913,231	19,173,807
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	1,896,031	1,937,902
190	(929) (Less) Duplicate Charges-Cr.	197,000	293,862
191	(930.1) General Advertising Expenses	2,820,522	3,122,650
192	(930.2) Miscellaneous General Expenses	-486,275	-462,509
193	(931) Rents	76,131	151,306
194	TOTAL Operation (Enter Total of lines 181 thru 193)	65,393,984	69,205,020
195	Maintenance		
196	(935) Maintenance of General Plant	1,365,403	854,423
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	66,759,387	70,059,443
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	862,167,422	974,664,927

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Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	17,394,722		
4	Transmission	1,227,431		
5	Regional Market			
6	Distribution	5,910,911		
7	Customer Accounts	6,716,310		
8	Customer Service and Informational	3,184,865		
9	Sales	1,929,418		
10	Administrative and General	12,096,027		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	48,459,684		
12	Maintenance			
13	Production	9,392,016		
14	Transmission	861,565		
15	Regional Market			
16	Distribution	4,592,894		
17	Administrative and General	518		
18	TOTAL Maintenance (Total of lines 13 thru 17)	14,846,993		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	26,786,738		
21	Transmission (Enter Total of lines 4 and 14)	2,088,996		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	10,503,805		
24	Customer Accounts (Transcribe from line 7)	6,716,310		
25	Customer Service and Informational (Transcribe from line 8)	3,184,865		
26	Sales (Transcribe from line 9)	1,929,418		
27	Administrative and General (Enter Total of lines 10 and 17)	12,096,545		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	63,306,677	19,950,206	83,256,883
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Mississippi Power Company	(1) [X] An Original (2) [ ] A Resubmission	04/18/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	63,306,677	19,950,206	83,256,883
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	14,490,396	4,566,444	19,056,840
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	14,490,396	4,566,444	19,056,840
72	Plant Removal (By Utility Departments)			
73	Electric Plant	318,553		318,553
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	318,553		318,553
77	Other Accounts (Specify, provide details in footnote):	-392,990		-392,990
78	Jobs in Progress	1,908,901	601,563	2,510,464
79	Expenses of Electric Plant Leased to Others	9,783	3,083	12,866
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95	TOTAL Other Accounts	1,525,694	604,646	2,130,340
96	TOTAL SALARIES AND WAGES	79,641,320	25,121,296	104,762,616

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	RS-Residential Service	15,067,288	1,313,865,598	1,199,176	12,565	0.0872
2	RE-Res. Water Htr. & Space Cond.	11,991,680	952,237,759	814,333	14,726	0.0794
3	RB-Res. Service	86,306	6,840,881	5,892	14,648	0.0793
4	RT-Res. Service	59,777	4,214,780	2,111	28,317	0.0705
5	WC-Res. Service/Controlled W-H	31,242	1,403,687	14,713	2,123	0.0449
6	ES-Energy Star	36,215	2,995,992	2,586	14,004	0.0827
7	Subtotal - Account 440	27,272,508	2,281,558,697	2,038,811	13,377	0.0837
8	Unbilled alloc. - Residential	310,990	19,249,709			0.0619
9	Duplicate Customers			-14,713		
10	Total Residential (Account 440)	27,583,498	2,300,808,406	2,024,098	13,628	0.0834
11	W-Water Heating	143	11,459	77	1,857	0.0801
12	G-General Service	2,131,027	187,164,341	83,343	25,569	0.0878
13	GA-General Service	888,130	67,241,726	10,418	85,250	0.0757
14	GB-General Service	29,484	3,140,028	590	49,973	0.1065
15	GT-General Service					
16	OPT-General Service	15,838,339	872,119,951	20,035	790,534	0.0551
17	OL-Outdoor Lighting	453,172	72,461,359	332,414	1,363	0.1599
18	9-Service To Cotton Service					
19	BC-Bldg. Construction Service	15,842	2,005,833	7,259	2,182	0.1266
20	I-Industrial Service	2,261,736	149,991,986	5,365	421,572	0.0663
21	IT-Industrial Service	925	61,655	1	925,000	0.0667
22	ITN-Industrial Service	43,837	2,100,489	1	43,837,000	0.0479
23	OPT-Industrial Service	16,854,237	801,378,862	1,809	9,316,881	0.0475
24	PG-Parallel Generation	4,895	481,927	1	4,895,000	0.0985
25	FL-Flood Lighting	217,924	26,946,575	56,503	3,857	0.1237
26	SG-(GEN) - Small General Service	179,606	14,770,270	5,839	30,760	0.0822
27	SG-(IND) - Small General Service	4,094	360,537	138	29,667	0.0881
28	SGS-Small General Service	3,644,355	341,336,024	196,684	18,529	0.0937
29	LG-(Gen) - Large General Service	114,791	7,988,217	171	671,292	0.0696
30	LG-(IND) - Large General Service	37,821	2,521,347	21	1,801,000	0.0667
31	LGS-Large General Service	3,452,207	237,044,416	7,119	484,929	0.0687
32	S-Unmetered Street Lights	1	2,798	1	1,000	2.7980
33	Yard Lighting	8,434	966,842	7,070	1,193	0.1146
34	Subtotal - Account 442	46,181,000	2,790,096,642	734,859	62,843	0.0604
35	Duplicate Customers			-396,064		
36	Unbilled alloc. - Commercial & In	389,061	32,399,514			0.0833
37	Total Commercial & Industrial	46,570,061	2,822,496,156	338,795	137,458	0.0606
38	PL - Street and Public Lighting	265,957	34,600,742	6,857	38,786	0.1301
39	TS - Traffic Signal/Safety Non Mt	20,531	1,943,192	7,103	2,890	0.0946
40	Subtotal - Account 444	286,488	36,543,934	13,960	20,522	0.1276
41	TOTAL Billed	73,739,996	5,108,199,273	2,376,853	31,024	0.0693
42	Total Unbilled Rev.(See Instr. 6)	703,061	51,893,811	0	0	0.0738
43	TOTAL	74,443,057	5,160,093,084	2,376,853	31,320	0.0693

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Unbilled alloc. -Pub St & Hghwy	3,010	244,588			0.0813
2	Total Public Street and Highway	289,498	36,788,522	13,960	20,738	0.1271
3	Interdepartmental - Account 448					
4	Unbilled alloc. - Interdepartment					
5	Total Interdepartmental					
6	Total Retail Unbilled Fuel Clause					
7	Total Billed					
8	Total Unbilled Rev.					
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41	TOTAL Billed	73,739,996	5,108,199,273	2,376,853	31,024	0.0693
42	Total Unbilled Rev.(See Instr. 6)	703,061	51,893,811	0	0	0.0738
43	TOTAL	74,443,057	5,160,093,084	2,376,853	31,320	0.0693

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	17,450,109	20,085,977
5	(501) Fuel	1,236,614,098	1,415,333,996
6	(502) Steam Expenses	46,343,420	47,207,200
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	8,149,924	9,230,151
10	(506) Miscellaneous Steam Power Expenses	24,891,938	24,879,061
11	(507) Rents	30,258	6,910
12	(509) Allowances	225,785	2,055,721
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	1,333,705,532	1,518,799,016
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	17,115,832	9,769,640
16	(511) Maintenance of Structures	15,592,311	10,208,534
17	(512) Maintenance of Boiler Plant	62,064,598	71,766,526
18	(513) Maintenance of Electric Plant	21,939,560	23,989,335
19	(514) Maintenance of Miscellaneous Steam Plant	7,070,492	2,331,645
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	123,782,793	118,065,680
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	1,457,488,325	1,636,864,696
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	29,577,115	26,693,329
25	(518) Fuel	208,772,874	177,729,354
26	(519) Coolants and Water	9,340,820	9,000,994
27	(520) Steam Expenses	54,754,361	55,085,891
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	15,959,138	14,405,904
31	(524) Miscellaneous Nuclear Power Expenses	109,322,485	119,886,603
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)	427,726,793	402,802,075
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	57,738,529	59,185,217
36	(529) Maintenance of Structures	11,420,850	13,343,506
37	(530) Maintenance of Reactor Plant Equipment	87,025,200	105,748,177
38	(531) Maintenance of Electric Plant	52,297,797	61,073,598
39	(532) Maintenance of Miscellaneous Nuclear Plant	47,424,546	48,005,151
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	255,906,922	287,355,649
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	683,633,715	690,157,724
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	5,581,529	4,839,758
45	(536) Water for Power		
46	(537) Hydraulic Expenses	-41,780	-449,000
47	(538) Electric Expenses	3,507,827	2,921,188
48	(539) Miscellaneous Hydraulic Power Generation Expenses	7,234,009	7,057,635
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	16,281,585	14,369,581
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	2,033,183	1,502,300
54	(542) Maintenance of Structures	1,077,669	350,472
55	(543) Maintenance of Reservoirs, Dams, and Waterways	3,137,187	2,612,759
56	(544) Maintenance of Electric Plant	6,092,934	5,306,515
57	(545) Maintenance of Miscellaneous Hydraulic Plant	2,515,193	3,281,003
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	14,856,166	13,053,049
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	31,137,751	27,422,630

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Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	719,027	1,087,872
63	(547) Fuel	7,520,423	48,111,327
64	(548) Generation Expenses	617,340	1,084,137
65	(549) Miscellaneous Other Power Generation Expenses	2,328,319	1,883,607
66	(550) Rents	6,972	
67	TOTAL Operation (Enter Total of lines 62 thru 66)	11,192,081	52,166,943
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	668,650	497,246
70	(552) Maintenance of Structures	1,781,108	1,000,681
71	(553) Maintenance of Generating and Electric Plant	2,845,991	4,539,294
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	742,805	-109,149
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	6,038,554	5,928,072
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	17,230,635	58,095,015
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	188,226,762	277,145,694
77	(556) System Control and Load Dispatching		-2,135
78	(557) Other Expenses	12,544,189	5,561,538
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	200,770,951	282,705,097
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	2,390,261,377	2,695,245,162
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	54,020	113,702
84	(561) Load Dispatching	9,778,606	8,672,727
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	3,204,661	3,339,854
94	(563) Overhead Lines Expenses	867,665	540,897
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	464,330	7,040,569
97	(566) Miscellaneous Transmission Expenses	3,491,467	5,278,582
98	(567) Rents		
99	TOTAL Operation (Enter Total of lines 83 thru 98)	17,860,749	24,986,331
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	156,111	129,260
102	(569) Maintenance of Structures	5,914,208	5,117,964
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	9,599,443	10,073,067
108	(571) Maintenance of Overhead Lines	11,167,259	15,661,145
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	154,015	101,837
111	TOTAL Maintenance (Total of lines 101 thru 110)	26,991,036	31,083,273
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	44,851,785	56,069,604

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	310,233	314,401
135	(581) Load Dispatching		3,869
136	(582) Station Expenses	2,270,722	2,072,720
137	(583) Overhead Line Expenses	1,546,517	2,361,967
138	(584) Underground Line Expenses	6,460,360	5,972,864
139	(585) Street Lighting and Signal System Expenses	926,308	679,320
140	(586) Meter Expenses	11,619,339	11,678,775
141	(587) Customer Installations Expenses	7,027,212	7,996,408
142	(588) Miscellaneous Expenses	31,524,356	33,211,256
143	(589) Rents	4,403	82,652
144	TOTAL Operation (Enter Total of lines 134 thru 143)	61,689,450	64,374,232
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	4,697,700	4,075,509
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment	7,332,834	7,474,670
149	(593) Maintenance of Overhead Lines	86,676,401	75,400,108
150	(594) Maintenance of Underground Lines	6,654,398	6,884,472
151	(595) Maintenance of Line Transformers	3,515,387	3,104,379
152	(596) Maintenance of Street Lighting and Signal Systems	4,202,365	4,624,364
153	(597) Maintenance of Meters	1,305,089	1,214,808
154	(598) Maintenance of Miscellaneous Distribution Plant	6,860,124	9,249,741
155	TOTAL Maintenance (Total of lines 146 thru 154)	121,244,298	112,028,051
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	182,933,748	176,402,283
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,249,796	1,321,363
160	(902) Meter Reading Expenses	5,918,702	6,246,835
161	(903) Customer Records and Collection Expenses	58,491,837	44,487,077
162	(904) Uncollectible Accounts	16,822,758	14,663,977
163	(905) Miscellaneous Customer Accounts Expenses	63,286	2,782,661
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	82,546,379	69,501,913

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	941,013	4,347,503
169	(909) Informational and Instructional Expenses	40,644	
170	(910) Miscellaneous Customer Service and Informational Expenses	19,541,520	15,831,465
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	20,523,177	20,178,968
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	42	
175	(912) Demonstrating and Selling Expenses	365,892	5,795
176	(913) Advertising Expenses	225,105	
177	(916) Miscellaneous Sales Expenses	7,540	
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	598,579	5,795
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	136,815,389	151,622,968
182	(921) Office Supplies and Expenses	78,309,424	91,273,222
183	(Less) (922) Administrative Expenses Transferred-Credit	32,598,555	28,156,876
184	(923) Outside Services Employed	85,535,353	89,568,858
185	(924) Property Insurance	28,746,315	25,783,780
186	(925) Injuries and Damages	8,592,105	15,866,881
187	(926) Employee Pensions and Benefits	123,891,641	113,864,381
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	6,488,746	6,481,890
190	(929) (Less) Duplicate Charges-Cr.	12,231,564	12,992,644
191	(930.1) General Advertising Expenses	1,410,426	
192	(930.2) Miscellaneous General Expenses	24,654,551	29,576,555
193	(931) Rents	20,003,298	21,256,093
194	TOTAL Operation (Enter Total of lines 181 thru 193)	469,617,129	504,145,108
195	Maintenance		
196	(935) Maintenance of General Plant	10,710,086	6,213,843
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	480,327,215	510,358,951
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	3,202,042,260	3,527,762,676

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	284,970,406		
4	Transmission	11,073,552		
5	Regional Market			
6	Distribution	22,404,430		
7	Customer Accounts	25,491,667		
8	Customer Service and Informational	15,472,040		
9	Sales			
10	Administrative and General	140,654,683		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	500,066,778		
12	Maintenance			
13	Production	218,852,533		
14	Transmission	8,498,866		
15	Regional Market			
16	Distribution	35,225,913		
17	Administrative and General	3,660,449		
18	TOTAL Maintenance (Total of lines 13 thru 17)	266,237,761		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	503,822,939		
21	Transmission (Enter Total of lines 4 and 14)	19,572,418		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	57,630,343		
24	Customer Accounts (Transcribe from line 7)	25,491,667		
25	Customer Service and Informational (Transcribe from line 8)	15,472,040		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	144,315,132		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	766,304,539	8,883,194	775,187,733
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Carolinas, LLC	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	766,304,539	8,883,194	775,187,733
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	156,976,380	21,594,601	178,570,981
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	156,976,380	21,594,601	178,570,981
72	Plant Removal (By Utility Departments)			
73	Electric Plant	5,332,855		5,332,855
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	5,332,855		5,332,855
77	Other Accounts (Specify, provide details in footnote):			
78	Projects for Duke's Subsidiaries & Merchandising	1,261,299		1,261,299
79	Other Work in Progress	3,193,015		3,193,015
80	Other Accounts	1,329,723		1,329,723
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94				
95	TOTAL Other Accounts	5,784,037		5,784,037
96	TOTAL SALARIES AND WAGES	934,397,811	30,477,795	964,875,606

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Residential					
2	RES	16,984,518	1,749,046,608	1,229,305	13,816	0.1030
3	SLR	15,634	5,601,385	3,183	4,912	0.3583
4	ALS	117,328	23,545,443			0.2007
5	Unbilled	111,746	541,954			0.0048
6	TOTAL RESIDENTIAL	17,229,226	1,778,735,390	1,232,488	13,979	0.1032
7						
8	Commercial					
9	ALS	252,013	55,423,560			0.2199
10	APH-TES	2,106	119,423	3	702,000	0.0567
11	CH-TOUE	9,222	1,280,860	248	37,185	0.1389
12	CS	4,313	588,097	146	29,541	0.1364
13	LGS	1,232,303	91,139,971	84	14,670,274	0.0740
14	MGS	2,564,432	245,466,427	17,792	144,134	0.0957
15	SFLS	2,050	429,265	166	12,349	0.2094
16	SGS	9,486,857	791,442,694	201,749	47,023	0.0834
17	SI	68,511	7,369,799	1,106	61,945	0.1076
18	SLS	11,720	3,660,273	969	12,095	0.3123
19	TFS	1	125	1	1,000	0.1250
20	TSS	299	26,942	43	6,953	0.0901
21	GS	5,151	609,696	146	35,281	0.1184
22	Unbilled Revenue	125,873	2,401,828			0.0191
23	TOTAL COMMERCIAL	13,764,851	1,199,958,960	222,453	61,878	0.0872
24						
25	Industrial					
26	ALS	20,999	3,985,091			0.1898
27	LGS	7,937,596	508,393,050	253	31,373,897	0.0640
28	MGS	509,075	50,508,186	1,438	354,016	0.0992
29	SGS	1,895,644	143,785,122	3,012	629,364	0.0759
30	SI	3,606	393,011	36	100,167	0.1090
31	SLS	349	59,003	29	12,034	0.1691
32	GS	280	38,232	5	56,000	0.1365
33	Unbilled Revenue	107,801	2,176,730			0.0202
34	TOTAL INDUSTRIAL	10,475,350	709,338,425	4,773	2,194,710	0.0677
35						
36	Public Street Lighting					
37	SLS	113,642	22,583,592	608	186,911	0.1987
38	TSS	10,869	974,848	1,547	7,026	0.0897
39	Unbilled Revenue	1,340	145,735			0.1088
40	TOTAL PUBLIC STREET LIGHT	125,851	23,704,175	2,155	58,400	0.1884
41	TOTAL Billed	42,620,912	3,794,415,083	1,461,874	29,155	0.0890
42	Total Unbilled Rev.(See Instr. 6)	359,806	5,205,983	0	0	0.0145
43	TOTAL	42,980,718	3,799,621,066	1,461,874	29,401	0.0884

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	Other Public Authority					
3	ALS	2	285			0.1425
4	LGS	1,372,392	87,944,095	5	274,478,400	0.0641
5	Unbilled Revenue	13,046	-60,264			-0.0046
6	TOTAL OTHER PUBLIC AUTH	1,385,440	87,884,116	5	277,088,000	0.0634
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41	TOTAL Billed	42,620,912	3,794,415,083	1,461,874	29,155	0.0890
42	Total Unbilled Rev.(See Instr. 6)	359,806	5,205,983	0	0	0.0145
43	TOTAL	42,980,718	3,799,621,066	1,461,874	29,401	0.0884

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	5,864,252	6,133,640
5	(501) Fuel	1,110,451,540	1,026,470,937
6	(502) Steam Expenses	27,770,053	25,313,247
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	2,175,355	2,016,050
10	(506) Miscellaneous Steam Power Expenses	57,037,650	37,937,862
11	(507) Rents		
12	(509) Allowances	8,844,627	16,648,323
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	1,212,143,477	1,114,520,059
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	10,162,068	10,156,367
16	(511) Maintenance of Structures	3,058,411	2,300,216
17	(512) Maintenance of Boiler Plant	36,938,601	35,952,353
18	(513) Maintenance of Electric Plant	12,838,072	12,568,915
19	(514) Maintenance of Miscellaneous Steam Plant	8,270,997	7,725,107
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	71,268,149	68,702,958
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	1,283,411,626	1,183,223,017
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering	7,577,297	5,482,297
25	(518) Fuel	136,753,550	117,838,083
26	(519) Coolants and Water	30,983,519	30,050,185
27	(520) Steam Expenses	20,730,889	24,101,599
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses	6,587,050	6,215,675
31	(524) Miscellaneous Nuclear Power Expenses	131,884,380	126,303,871
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)	334,516,685	309,991,710
34	Maintenance		
35	(528) Maintenance Supervision and Engineering	41,708,079	43,871,546
36	(529) Maintenance of Structures	9,429,375	10,137,314
37	(530) Maintenance of Reactor Plant Equipment	34,520,247	36,594,047
38	(531) Maintenance of Electric Plant	13,155,774	10,732,010
39	(532) Maintenance of Miscellaneous Nuclear Plant	37,058,332	35,064,629
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)	135,871,807	136,399,546
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)	470,388,492	446,391,256
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering	216,892	1,030,864
45	(536) Water for Power	62,500	62,500
46	(537) Hydraulic Expenses	500,122	406,022
47	(538) Electric Expenses	770,703	
48	(539) Miscellaneous Hydraulic Power Generation Expenses	1,264,931	1,430,052
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	2,815,148	2,929,438
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering	312,803	184,484
54	(542) Maintenance of Structures	90,181	199,505
55	(543) Maintenance of Reservoirs, Dams, and Waterways	1,050,256	317,994
56	(544) Maintenance of Electric Plant	1,210,035	341,759
57	(545) Maintenance of Miscellaneous Hydraulic Plant	1,260,182	1,531,964
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	3,923,457	2,575,706
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	6,738,605	5,505,144

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	1,806,247	408,061
63	(547) Fuel	259,527,651	278,097,090
64	(548) Generation Expenses	2,226,265	57,034
65	(549) Miscellaneous Other Power Generation Expenses	5,920,748	7,702,797
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	269,480,911	286,264,982
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	364,541	214,441
70	(552) Maintenance of Structures	1,305,619	55,070
71	(553) Maintenance of Generating and Electric Plant	12,022,906	1,704,248
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	6,964,549	15,702,698
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	20,657,615	17,676,457
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	290,138,526	303,941,439
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	228,572,823	346,831,997
77	(556) System Control and Load Dispatching	3,163,649	3,370,395
78	(557) Other Expenses	192,393,237	-62,067,424
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	424,129,709	288,134,968
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	2,474,806,958	2,227,195,824
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	1,502,984	862
84	(561) Load Dispatching	43,497	34,415
85	(561.1) Load Dispatch-Reliability	2,376,261	2,326,890
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	882,082	825,596
87	(561.3) Load Dispatch-Transmission Service and Scheduling	1,126,200	1,080,207
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	861,007	734,747
90	(561.6) Transmission Service Studies	-23,528	23,540
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	428,563	468,789
94	(563) Overhead Lines Expenses	658,954	739,842
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	22,585,931	23,813,705
97	(566) Miscellaneous Transmission Expenses	9,358,365	13,471,430
98	(567) Rents		
99	TOTAL Operation (Enter Total of lines 83 thru 98)	39,800,316	43,520,023
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	19,102	1,375
102	(569) Maintenance of Structures		
103	(569.1) Maintenance of Computer Hardware	61,982	85,598
104	(569.2) Maintenance of Computer Software	135,042	295,789
105	(569.3) Maintenance of Communication Equipment	114,223	77,329
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	4,734,441	3,372,184
108	(571) Maintenance of Overhead Lines	14,264,496	10,995,485
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	4,813	
111	TOTAL Maintenance (Total of lines 101 thru 110)	19,334,099	14,827,760
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	59,134,415	58,347,783

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	16,478,731	952,184
135	(581) Load Dispatching	2,337,685	3,032,118
136	(582) Station Expenses	954,450	937,708
137	(583) Overhead Line Expenses	4,046,033	3,801,860
138	(584) Underground Line Expenses	3,129,832	3,501,627
139	(585) Street Lighting and Signal System Expenses	40,202	208,795
140	(586) Meter Expenses	2,658,975	3,836,082
141	(587) Customer Installations Expenses	1,301,608	1,399,284
142	(588) Miscellaneous Expenses	23,208,320	38,264,430
143	(589) Rents	3,265,608	5,947,269
144	TOTAL Operation (Enter Total of lines 134 thru 143)	57,421,444	61,881,357
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	144,941	
147	(591) Maintenance of Structures	225,600	260,789
148	(592) Maintenance of Station Equipment	3,374,971	3,758,408
149	(593) Maintenance of Overhead Lines	46,148,070	32,698,350
150	(594) Maintenance of Underground Lines	3,758,132	4,051,888
151	(595) Maintenance of Line Transformers	1,092,402	290,811
152	(596) Maintenance of Street Lighting and Signal Systems	1,781,862	1,441,765
153	(597) Maintenance of Meters	1,268,506	
154	(598) Maintenance of Miscellaneous Distribution Plant	3,177,731	1,184,016
155	TOTAL Maintenance (Total of lines 146 thru 154)	60,972,215	43,686,027
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	118,393,659	105,567,384
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	1,098,141	1,038,223
160	(902) Meter Reading Expenses	5,760,524	5,904,985
161	(903) Customer Records and Collection Expenses	25,264,008	25,567,705
162	(904) Uncollectible Accounts	12,727,429	9,516,859
163	(905) Miscellaneous Customer Accounts Expenses	2,913,845	3,147,580
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	47,763,947	45,175,352

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	475,863	468,921
168	(908) Customer Assistance Expenses	17,105,596	6,555,818
169	(909) Informational and Instructional Expenses	1,317,893	1,769,900
170	(910) Miscellaneous Customer Service and Informational Expenses	1,338,744	2,206,345
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	20,238,096	11,000,984
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses	2,129,266	2,017,420
176	(913) Advertising Expenses	83,206	
177	(916) Miscellaneous Sales Expenses	1,434,276	1,203,491
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	3,646,748	3,220,911
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	60,281,983	77,348,239
182	(921) Office Supplies and Expenses	30,147,202	37,059,441
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	39,394,703	40,797,948
185	(924) Property Insurance	4,882,453	101,969
186	(925) Injuries and Damages	12,807,623	9,257,153
187	(926) Employee Pensions and Benefits	135,011,713	104,610,824
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	6,038,682	5,762,220
190	(929) (Less) Duplicate Charges-Cr.	18,871,113	19,249,311
191	(930.1) General Advertising Expenses	1,702,427	694,624
192	(930.2) Miscellaneous General Expenses	3,098,761	24,518,979
193	(931) Rents	4,533,384	4,896,579
194	TOTAL Operation (Enter Total of lines 181 thru 193)	279,027,818	285,798,665
195	Maintenance		
196	(935) Maintenance of General Plant	3,274,547	3,546,360
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	282,302,365	289,345,025
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	3,006,286,188	2,739,853,263

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	158,731,678		
4	Transmission	12,000,550		
5	Regional Market			
6	Distribution	35,325,009		
7	Customer Accounts	15,865,023		
8	Customer Service and Informational	6,691,564		
9	Sales	2,310,580		
10	Administrative and General	59,124,279		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	290,048,683		
12	Maintenance			
13	Production	91,774,885		
14	Transmission	4,718,478		
15	Regional Market			
16	Distribution	19,376,170		
17	Administrative and General	603,142		
18	TOTAL Maintenance (Total of lines 13 thru 17)	116,472,675		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	250,506,563		
21	Transmission (Enter Total of lines 4 and 14)	16,719,028		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	54,701,179		
24	Customer Accounts (Transcribe from line 7)	15,865,023		
25	Customer Service and Informational (Transcribe from line 8)	6,691,564		
26	Sales (Transcribe from line 9)	2,310,580		
27	Administrative and General (Enter Total of lines 10 and 17)	59,727,421		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	406,521,358	6,355,880	412,877,238
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Carolina Power & Light Company	(1) [X] An Original (2) [ ] A Resubmission	04/19/2010	End of 2009/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	406,521,358	6,355,880	412,877,238
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	80,576,858	10,581,762	91,158,620
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	80,576,858	10,581,762	91,158,620
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
78	163 Stores Expense Undistributed	12,158,848	-12,158,848	
79	184 Clearing Accounts	4,778,794	-4,778,794	
80	186 Misc Deferred Debits	2,518,591		2,518,591
81	All Other Accounts	6,411,515		6,411,515
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	25,867,748	-16,937,642	8,930,106
96	TOTAL SALARIES AND WAGES	512,965,964		512,965,964

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees: George Conroy

Question:

46. For purposes of this request please refer to ***TAWC's*** response to TRA Data Request 1-3 TAWC10 Baryenbruch, WP7, Tab "AWW Calls Per Customer." Please provide the same information for each of the years 2005, 2006, 2007, and 2008. Provide the same information for calls related to Tennessee inquiries by customers.

Response:

The table below presents the same total company per customer call information for the years 2005 through 2008.

Total AWW			
Year	Total Inbound Calls	Total Active Accounts	Inbound Calls Per Customers
2005	5,417,736	2,699,896	2.01
2006	5,463,082	2,775,028	1.97
2007	5,747,662	2,505,393	2.29
2008	5,399,935	1,882,253	2.87

The table below presents the average number of calls per TAWC customer for the years 2005 through 2008.

TAWC Only			
Year	Total Inbound Calls	Total Active Accounts	Inbound Calls Per Customers
2005	181,820	75,658	2.40
2006	195,277	76,932	2.54
2007	199,796	78,250	2.55
2008	187,557	79,646	2.35

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees: None

Question:

47. For purposes of this request please refer to ***TAWC's*** response to TRA Data Request 1-3 TAWC10 Baryenbruch WP2. Please ***Explain*** in detail why the costs in columns F and G were excluded from the analysis developed in this spreadsheet.

Response:

The excluded costs represent items that an outside service provider would recover from clients over and above their hourly fees. For instance, if an outside attorney is asked by a client to travel to another city to conduct a deposition, then the attorney would bill the client for the time at an hourly rate plus out of pocket travel expenses. Thus, these travel expenses are incremental to and not included in the calculation of the attorney's hourly billing rate.

On pages 12 and 13 of his report, Mr. Baryenbruch further explains the rationale for each of the three categories of excluded costs.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees: None

Question:

48. For purposes of this request please refer to ***TAWC's*** response to TRA Data Request 1-3 TAWC10 Baryenbruch, WP8. Please provide the ***Workpapers*** and all other ***Documents*** that actually derive the amounts depicted in Tab "Rate Calc." Please ***Explain*** why each category of expense was excluded from the tab "FERC Pivot". Provide all ***Workpapers*** and supporting ***Documents*** used to develop this response.

Response:

With one exception, all of the information used to derive the amounts depicted in Tab "Rate Calc" is already contained in this spreadsheet. The additional item is source information for the number of regulated customers for each utility holding company that has a service company in the comparison group. That document is attached and labeled as TN-COC-01-Q48-ATTACHMENT.

Certain FERC accounts are excluded from the calculation of each comparison group service company's cost per customer because these items are not in the charges from American Water's Service Company to TAWC. For instance, the balance of FERC account 902 - Meter reading expenses is excluded from the cost per customer calculation because these costs are incurred by and recorded as an expense of TAWC. The Service Company does not perform meter reading for TAWC. The exclusion is necessary to ensure the comparison of per customer costs can be made on an apples-to-apples basis. If the balances in these FERC accounts were not excluded, then the comparison group average costs would be overstated.

AEP

AEP - About Us

Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). AEP's headquarters are in Columbus, Ohio.

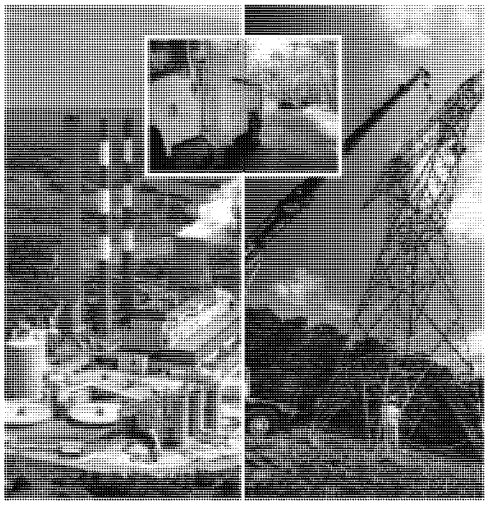
Facts at a Glance

Address:	1 Riverside Plaza Columbus, Ohio 43215-2373 614 716-1000
Chairman, President, CEO:	Michael G. Morris
2009 ongoing earnings:	$1.362 billion
2009 ongoing earnings per share:	$2.97
2009 Revenues:	$13.5 billion
Assets:	$48.3 billion
U.S. employees:	21,673
States served:	Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, West Virginia
Service Territory:	197,500 square miles
Miles of transmission lines:	39,000
Miles of distribution lines:	215,800
Generating capacity:	Approx. 39,000 megawatts
U.S. customers:	5.2 million
U.S. electricity sales:	Approx. 195 million megawatt hours

Allegheny

Allegheny Energy

2009 Annual Report



HIGHLIGHTS

For years ended December 31,	2009	2008	Percent Increase (Decrease)
FINANCIAL HIGHLIGHTS (millions, except per share amounts)			
Operating revenues	$ 3,427	$ 3,386	1.2
Net income attributable to Allegheny Energy, Inc:			
GAAP basis	393	395	(0.5)
As adjusted [1]	397	391	1.5
Diluted net income per share:			
GAAP basis	2.31	2.33	(0.9)
As adjusted [1]	2.33	2.30	1.3
Common stock dividend per share (annual)	$ 0.60	$ 0.60	--
OPERATING HIGHLIGHTS			
Retail electric customers (average)	1,595,708	1,577,873	0.5
Retail electric sales (million megawatt hours)	42.0	44.2	(5.0)
Electric generation capacity (megawatts):			
Merchant	7,015		
Regulated	2,741		

[1] See reconciliation of non-GAAP financial measures on page 250.

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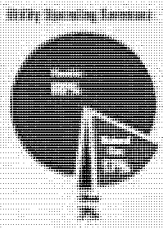
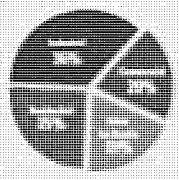
Alliant

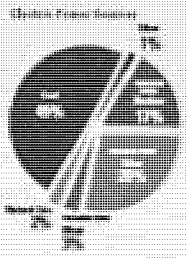
COMPANY AT A GLANCE

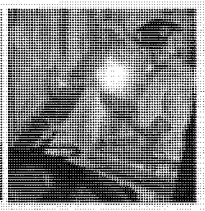
Who we are

Alliant Energy, headquartered in Madison, Wis., is an investor-owned public utility holding company traded on the New York Stock Exchange under the symbol "LNT." Alliant Energy's regulated utility subsidiaries own a portfolio of electric generating facilities with a diversified fuel mix including coal, natural gas and renewable resources. The output from these generating facilities, supplemented with purchased power, is used to provide electric service to approximately 1 million electric customers in the upper Midwest. The utility business also procures natural gas from various suppliers to provide service to approximately 410,000 natural gas customers in the upper Midwest.





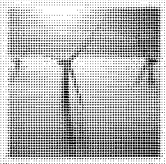




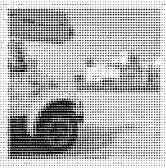
Non-regulated businesses

Alliant Energy Resources, LLC (Resources) is the parent company of Alliant Energy's non-regulated businesses. The strategic plan for Alliant Energy's non-regulated operations involves maintaining a portfolio of businesses that are sensitive to earnings but not significant users of capital. Resources' portfolio of businesses includes:

RMT. Creates energy and environment solutions that balance business and sustainability goals. RMT has developed, designed and constructed over 3,000 megawatts (MW) of renewable energy facility nameplate, and has helped leading industrial and commercial companies reduce their environmental footprints through fuel switching, air quality improvements, regulatory compliance and waste management.



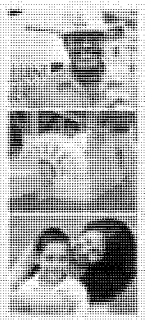
Other non-regulated investments. This platform includes investments in non-regulated generation, transportation and several other investments. Non-regulated generation owns the Sheboygan Falls Energy Facility (leased to WPL) and wind-powered generation at Industrial Energy Applications, Inc. Transportation includes a shortline railway that provides freight service, a barge terminal and loading services, and other transfer and storage services.



Utility business

Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL) are Alliant Energy's two utility subsidiaries. As the primary targets of our future capital investments, the utilities also represent our growth platform. The strategic plan for Alliant Energy's utility operations is concentrated on:

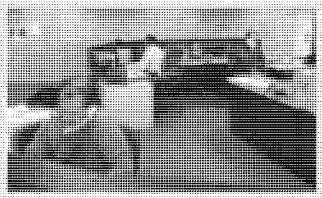
* building or acquiring and maintaining the generation and infrastructure necessary to provide Alliant Energy's utility customers with safe, reliable and environmentally responsible energy service;
* implementing emission controls at its existing fleet of generating facilities; and,
* using education, awareness and technology to promote energy efficiency and conservation.



Support services

Alliant Energy Corporate Services, Inc. supports the company with traditional administrative functions including strategy, accounting and finance, treasury, fuel procurement, supply chain, corporate communications, legal, regulatory, corporate governance, information technology, human resources, labor relations, internal audit, infrastructure security, facilities, public affairs, and environmental and safety management.

2008 STATISTICS	TOTALS
Minimum goal for diamond (megawatts)	5,481
Number of total electric customers	982,467
Number of total natural gas customers	417,777
Utility electric sales (thousands of megawatt hours)	30,177
Utility natural gas sold and transported (thousands of dekatherms)	197,617



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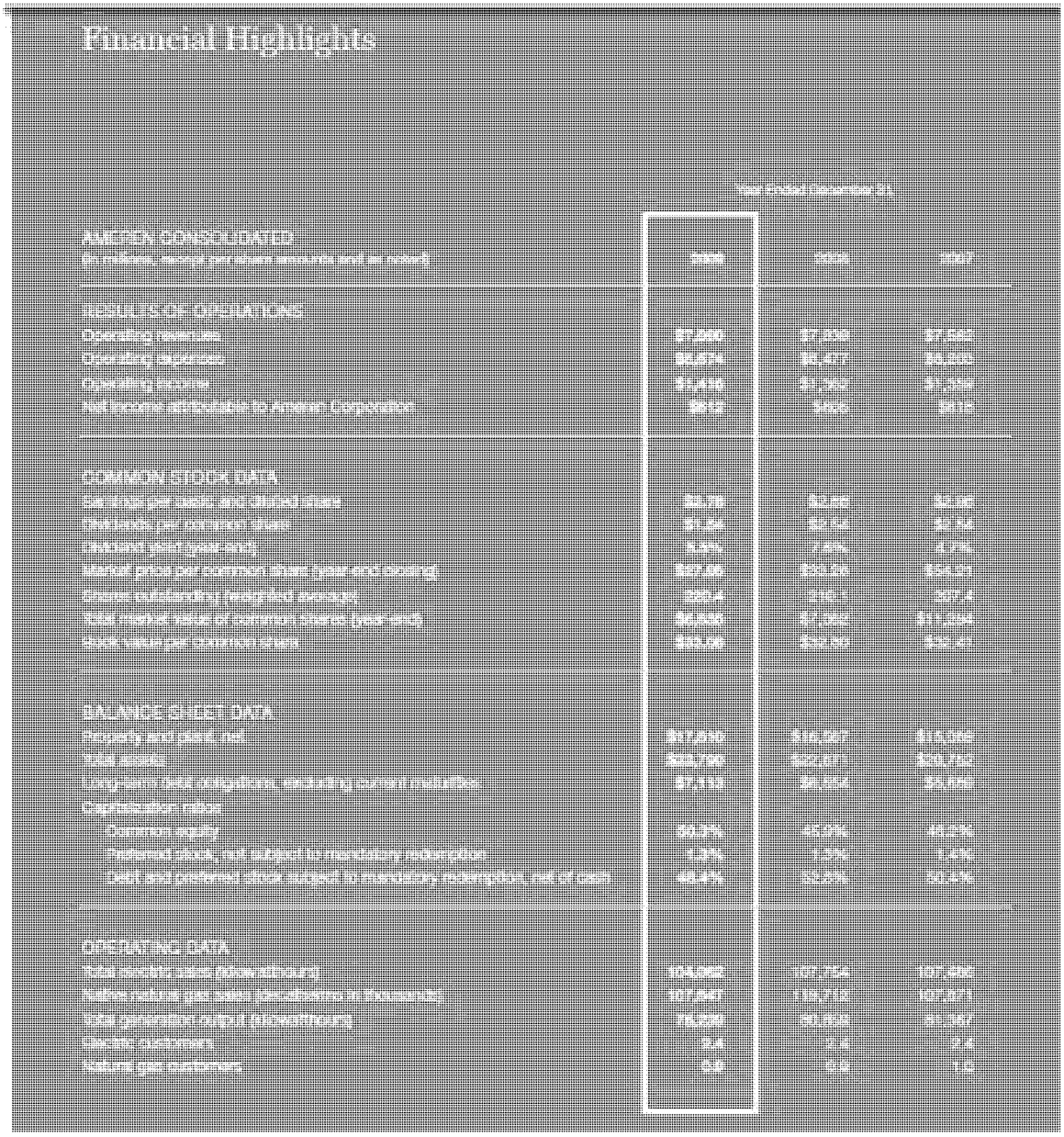

Black Hills

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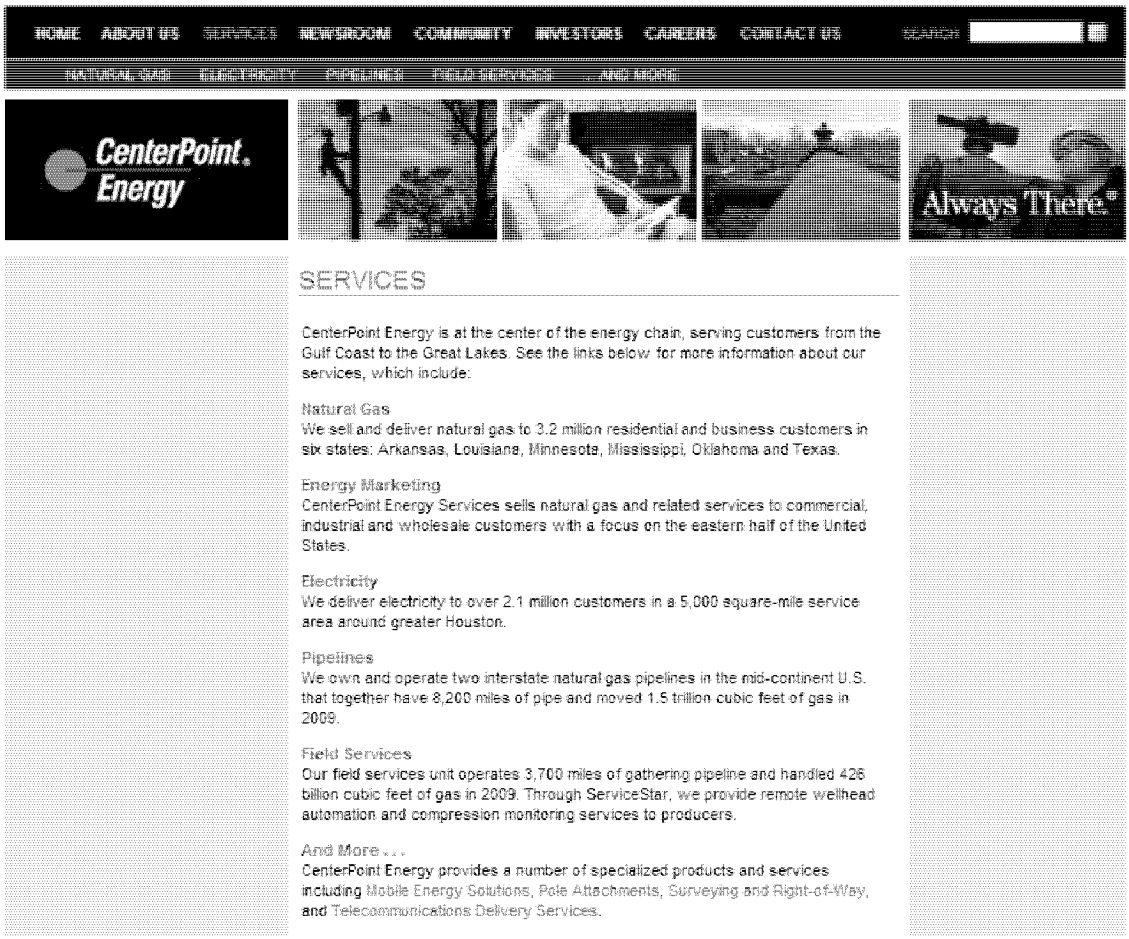
Black Hills Corporation
Black Hills Corporation is a strong, diversified energy company with a vision to be the energy partner of choice. Our utility operations include Black Hills Power - an electric utility and our legacy business that provides service to approximately 66,600 customers in the Black Hills region and sells surplus power in wholesale markets - and Cheyenne Light Fuel & Power, serving 39,800 electric customers and 33,300 natural gas customers in the greater Cheyenne, Wyo., area.
Additionally, our recently acquired Black Hills Energy utility operations provide electric services to approximately 93,300 customers in southeastern Colorado and natural gas utility services to approximately 524,000 customers in Colorado, Iowa, Kansas and Nebraska.
Our energy portfolio also includes non-utility businesses. Black Hills Exploration & Production produces oil and natural gas in New Mexico, Wyoming and Colorado. Enserco Energy provides wholesale natural gas marketing and producer services for natural gas and crude oil. The Wyodak coal mine in Wyoming's Powder River Basin supports the Company's low-cost, mine-mouth power generation. Black Hills also has a fleet of power generation facilities in Colorado, Wyoming and South Dakota that produce more than 1,000 MW of energy annually for our own utility customers as well as others.

Centerpoint Energy



Dominion Resources

as of 6/8/10

Dominion Profile

Business Units

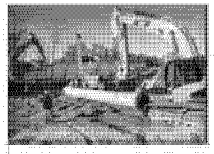
Dominion Virginia Power

- 6,000 miles of electric transmission lines
- 56,000 miles of electric distribution lines
- 2.4 million franchise retail electric customer accounts in Virginia and North Carolina
- 2.0 million non-regulated customer accounts in 12 states (Dominion Retail)

- Electric Distribution
- Electric Transmission
- Unregulated Retail

Dominion Energy

- Operates the largest natural gas storage system in the U.S.
- 12,000 miles of natural gas transmission, gathering and storage pipeline
- 1.3 million franchise retail natural gas customer accounts in Ohio and West Virginia
- Cove Point liquified natural gas import terminal on the Chesapeake Bay



- Gas Transmission
- Gas Distribution
- Producer Services

Dominion Generation

- ~27,500 megawatts of capacity, including nuclear, fossil and renewable power (~18,300 MW utility and ~9,200 MW merchant)
- Additional 5,600 megawatts of utility capacity needed during next decade to meet load growth
- Rider projects with enhanced ROE to support utility load growth underway
- 7th largest generating capacity in the U.S.
- Well-positioned in New England and PJM power markets
- More than 40% of total electric output from emissions-free nuclear and renewable power, primarily hydro, wind and biomass

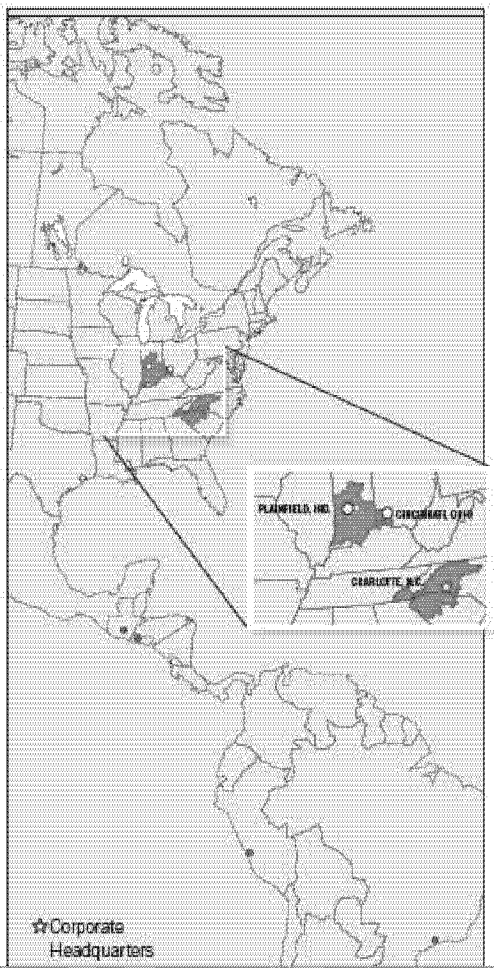
- Utility Generation
- Merchant Generation

Please refer to the "Important Note to Investors" on page 2 of this presentation for risks and uncertainties related to projections and forward looking statements.

9

Duke Energy

DUKE ENERGY AT A GLANCE



U.S. Franchised Electric and Gas

U.S. Franchised Electric and Gas (USFE&G) consists of Duke Energy's regulated generation, electric and gas transmission and distribution systems. USFE&G's generation portfolio is a balanced mix of energy resources having different operating characteristics and fuel sources designed to provide energy at the lowest possible cost.

Electric Operations

- Owns approximately 27,000 megawatts (MW) of generating capacity
- Service area covers about 50,000 square miles with an estimated population of 11 million
- Service to approximately 4 million residential, commercial and industrial customers
- Over 151,600 miles of distribution lines and a 20,900-mile transmission system

Gas Operations

- Regulated natural gas transmission and distribution services to approximately 500,000 customers in southwestern Ohio and northern Kentucky

Commercial Power

Commercial Power owns, operates and manages power plants, primarily located in the Midwest. Commercial Power's subsidiary, Duke Energy Retail Sales, serves retail electric customers in Ohio with generation and other energy services at competitive rates. Commercial Power also includes Duke Energy Generation Services (DEGS), an on-site energy solutions and utility services provider.

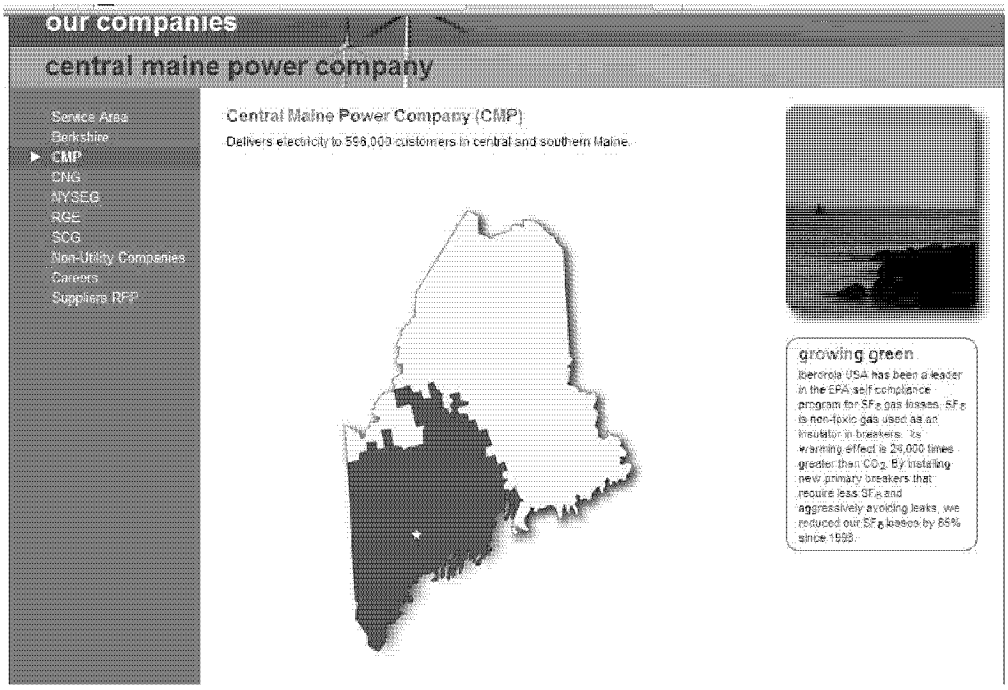
- Owns and operates a balanced generation portfolio of approximately 7,550 net MW of power generation (excluding wind assets)
- DEGS currently has approximately 735 MW of wind energy in operation and over 5,000 MW of wind energy projects in development

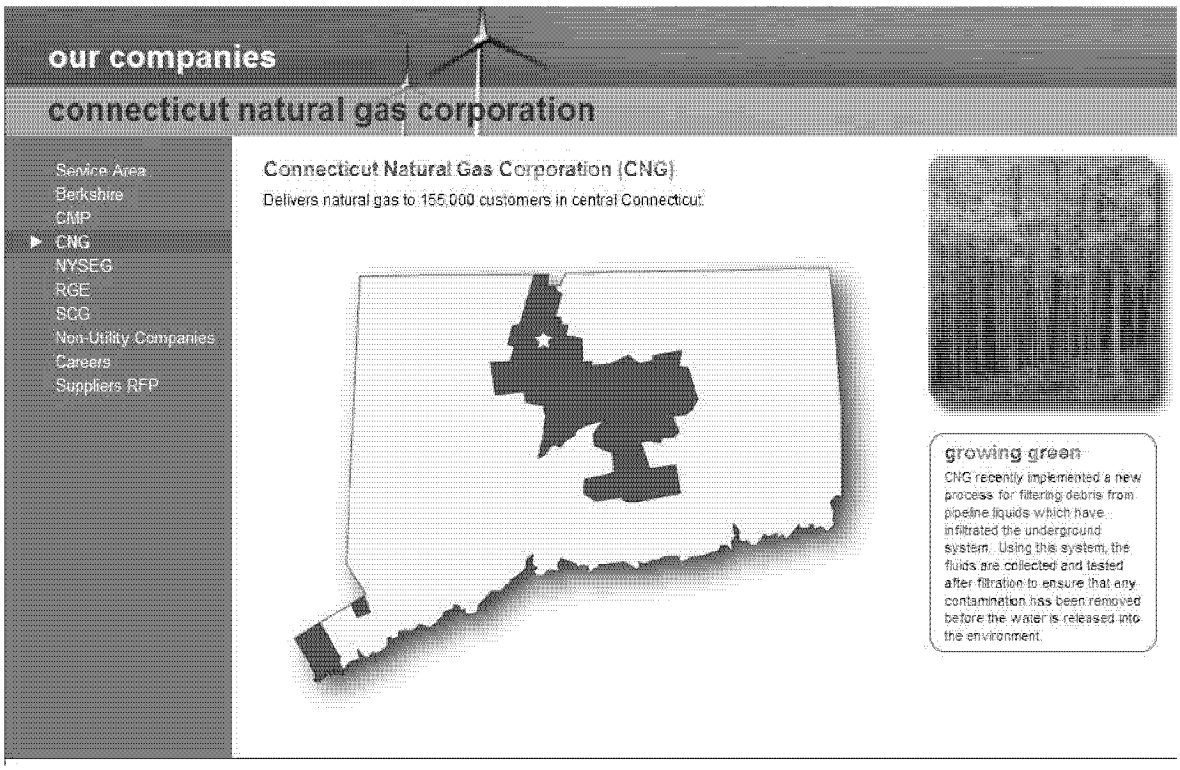
Duke Energy International

E-ON

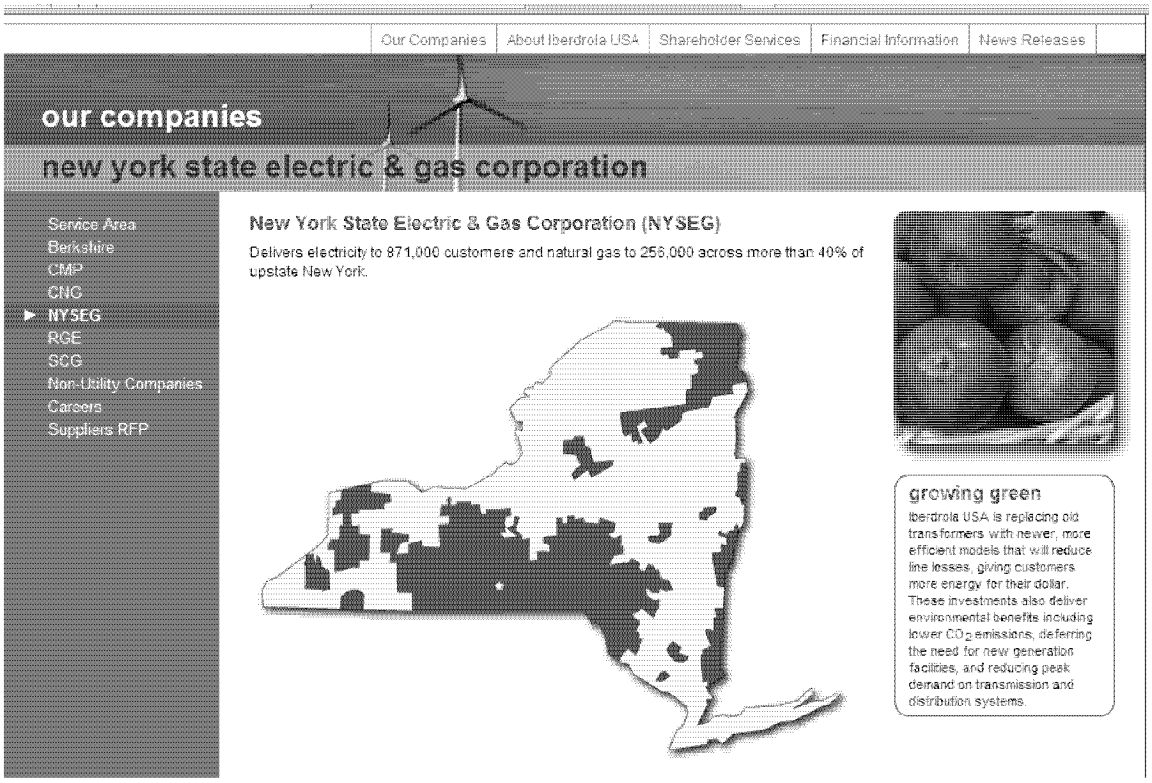
Iberdrola-Energy East

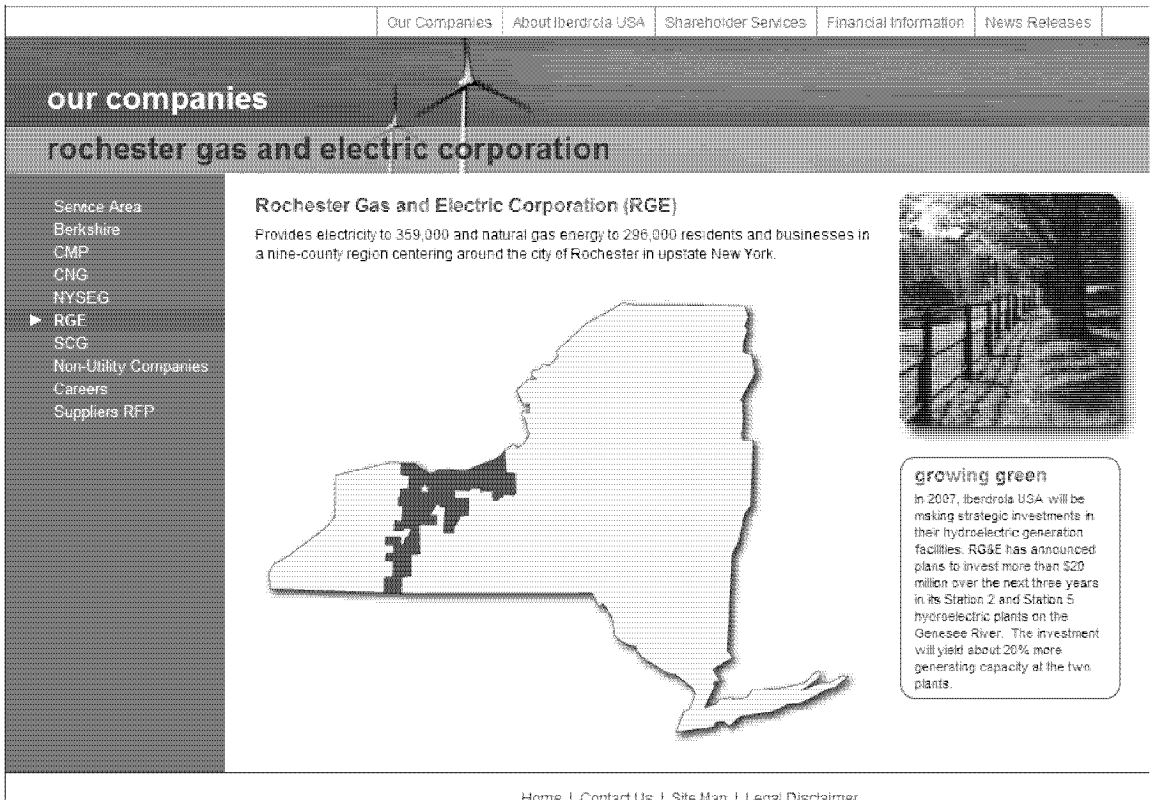
Iberdrola-Energy East (cont.)



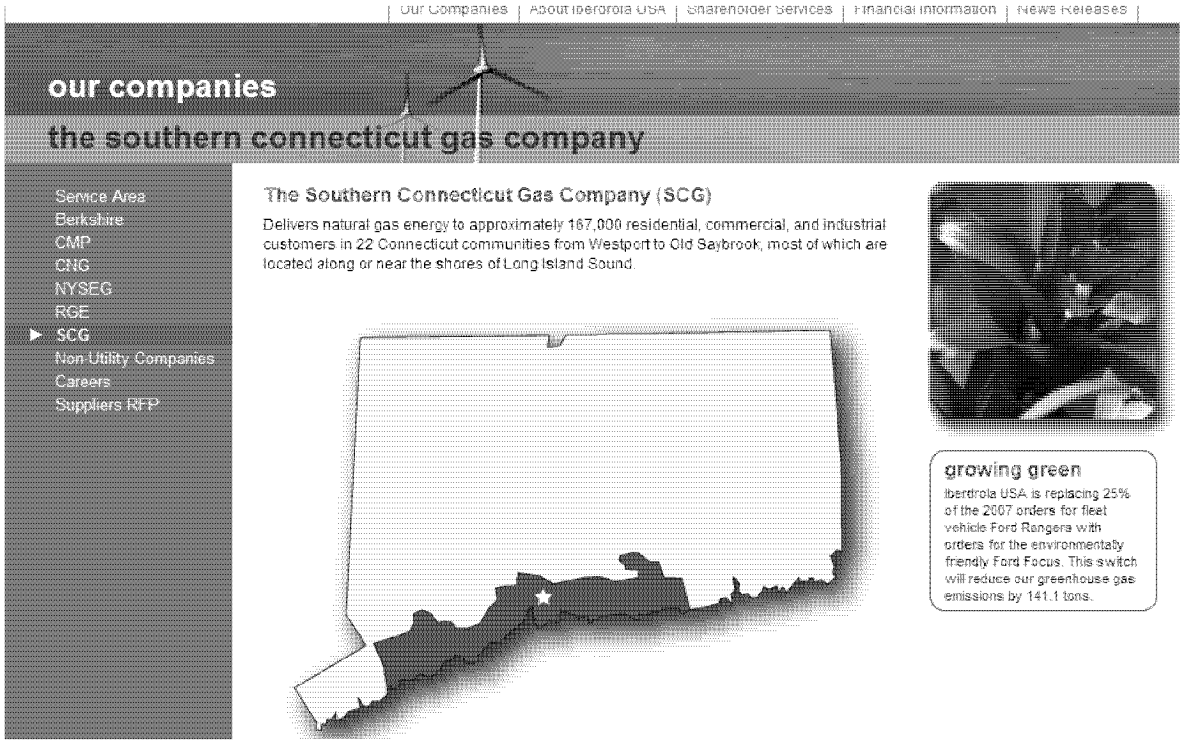


Iberdrola-Energy East (cont.)

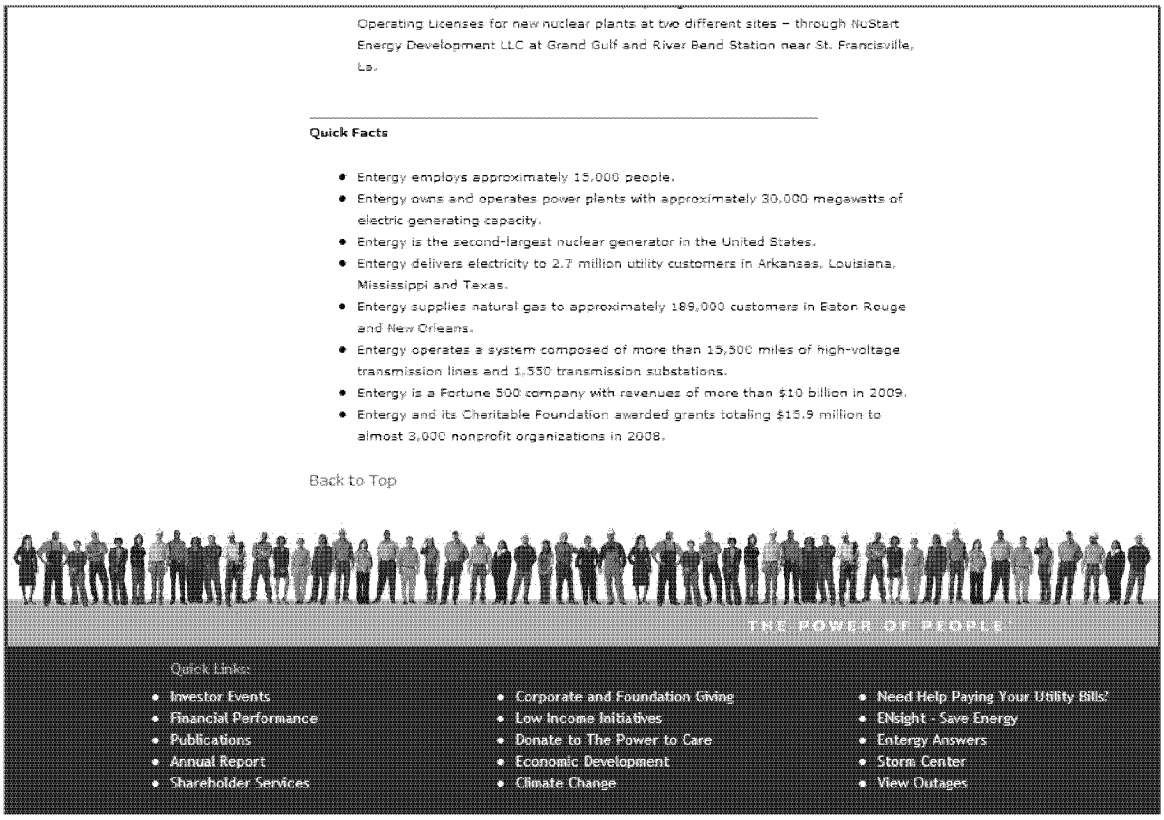




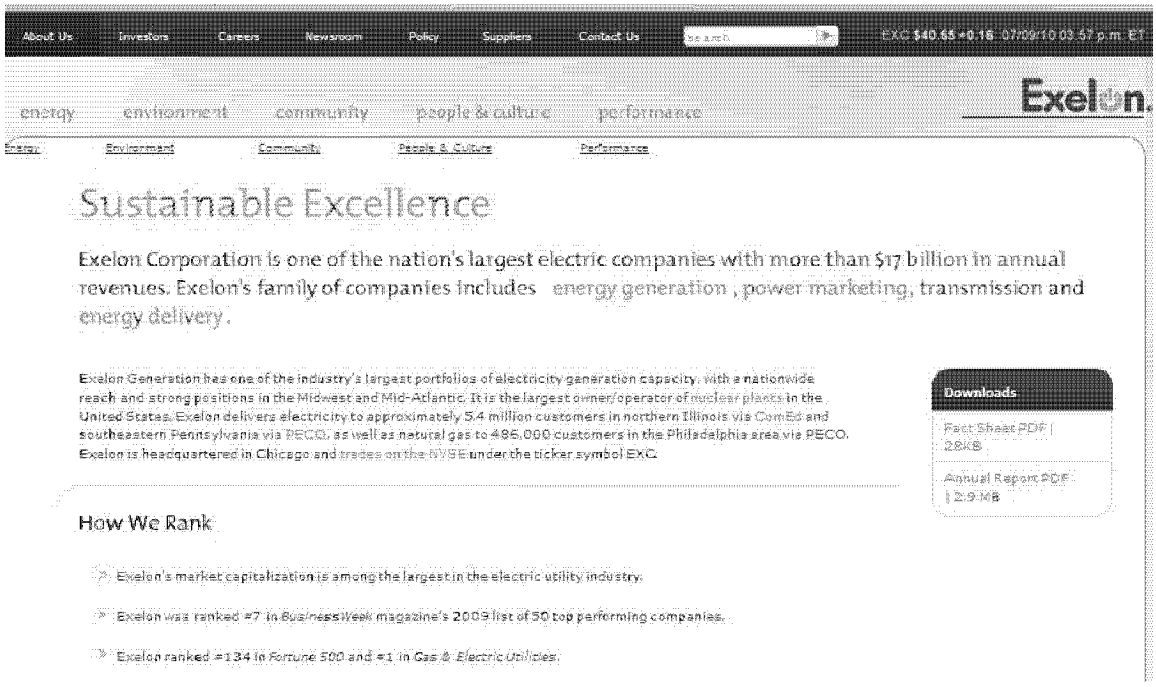
Iberdrola-Energy East (cont.)



Entergy



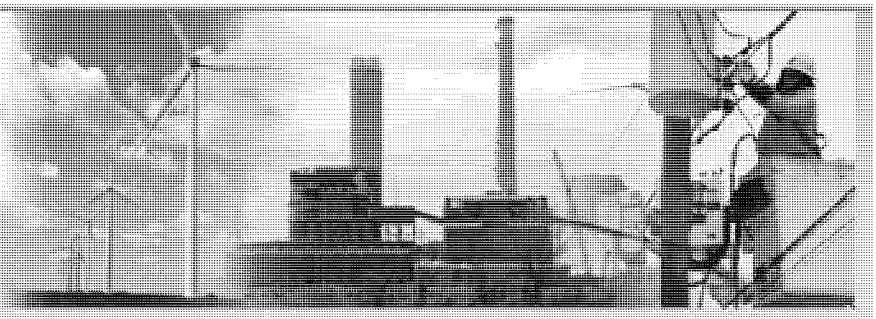
Exelon



First Energy

Great Plains Energy

GREAT PLAINS ENERGY



search

SEARCH
GO

about gxp

- Company Information
- Officer Bios
- Board Bios
- Corp Governance
- Corporate Headquarters

investor relations

- IR Home
- Shareholder Services
- Dividends
- Chart/Quote
- Annual Reports
- SEC Filings
- FERC Filings
- Supplemental Information
- Webcasts/Presentations
- Fundamentals
- Analysts

corporate overview

Great Plains Energy Incorporated (NYSE: GXP) is the holding company of Kansas City Power & Light and KCP&L Greater Missouri Operations Company. The utilities operate under the brand name KCP&L.

Our electric utilities serve over 800,000 customers in 47 counties in Missouri and Kansas with a combined diverse generation platform of more than 6,100 MW of capacity.

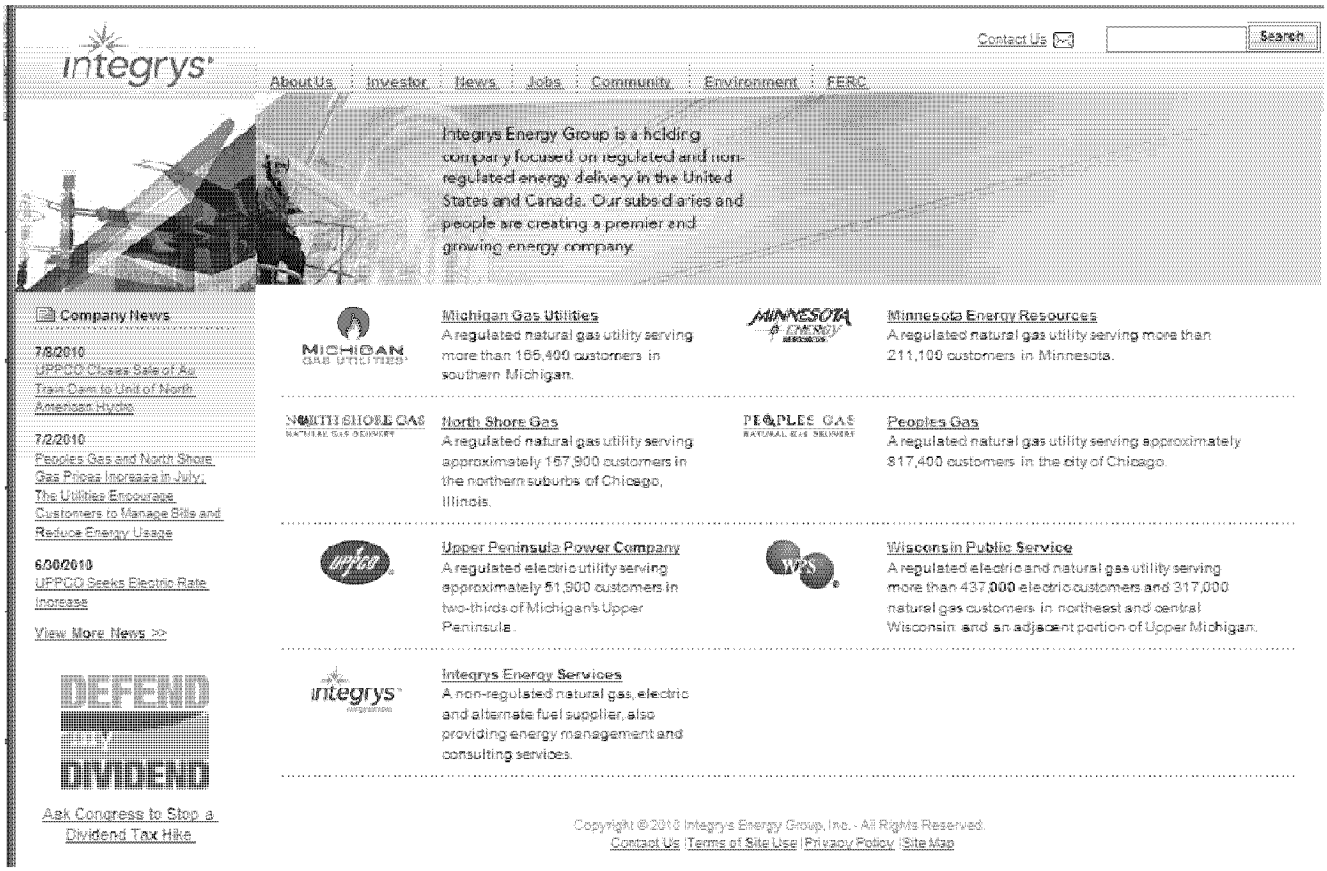
Management is focused on building a solid platform that will provide long-term earnings growth for shareholders and provide low cost, reliable energy for customers. In addition, Great Plains Energy has an attractive annualized dividend of $0.80 per share. Great Plains Energy's dividend, combined with earnings growth potential, provide investors with a strong total return investment alternative.

corporate values

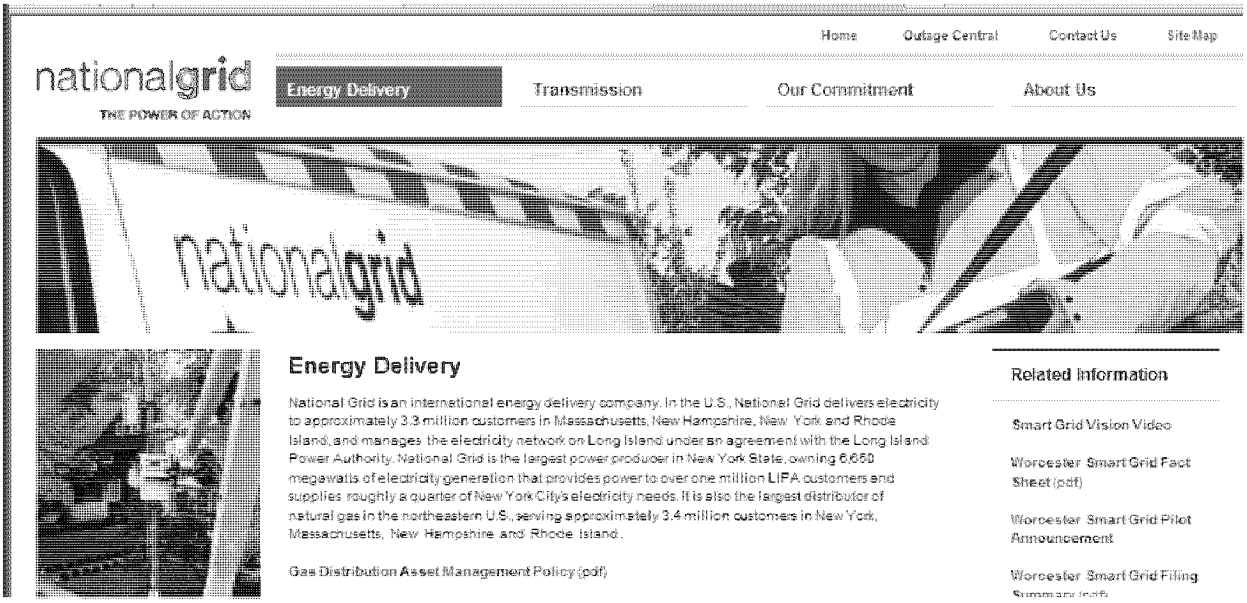
Strategic Intent: Great Plains Energy is focused on providing long-term value to shareholders and customers through its utilities by supplying and delivering electricity and energy solutions to meet customers' current and future needs and enhance their quality of life. To achieve these objectives, we believe there are four key values upon which the Company must focus:

- Top-Tier Operating Performance: Across the organization we strive for industry-leading financial and operational performance.
- Long-Range Perspective: We manage the Company for long-term performance, not short-sighted gains. Our Comprehensive Energy Plan (CEP) is a key example. It is a five-year strategy, which commenced in 2005, to increase the Company's power generation capabilities, and to improve regional air quality through environmental upgrades to existing facilities, and to invest in demand side management, distributed generation, customer efficiency and affordability programs, and transmission and distribution improvements. We are also continuing to plan for the future by working now to develop our Sustainable Resource Strategy (SRS) for 2010-2020.
- Winning Culture: The Company is focused on building a culture dedicated to achieving Great Plains

Integrys



National Grid



NiSource

BUILDING
INVESTMENT-DRIVEN GROWTH

GAS DISTRIBUTION

- One of the nation's largest natural gas distribution companies serving more than 3.3 million customers
- Established best-in-class platform for sustainable earnings growth through:
  - Comprehensive long-term infrastructure-investment programs
  - Thoughtful customer programs
  - Creative regulatory approaches

GAS TRANSMISSION & STORAGE

- 15,000-mile network of interstate natural gas pipelines
- One of the nation's largest market area storage systems
- Strong strategic footprint in the growing Marcellus Shale production region of Appalachia
- Extensive array of attractive investment opportunities

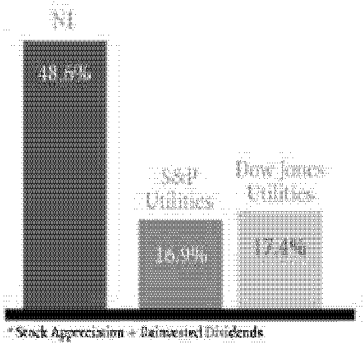
ELECTRIC GENERATION & DISTRIBUTION

- Environmentally compliant fleet of electric generation facilities
- Total generating capability of 3,322 megawatts
- Recently added natural-gas fired Sugar Creek facility
- More than 450,000 industrial, commercial and residential electric customers in a growing marketplace

FINANCIAL HIGHLIGHTS (12/31/09)

Stock Price	$15.38
Common Shares Outstanding	276.6M
Annualized Dividend	$0.92
Market Capitalization	$4.25B

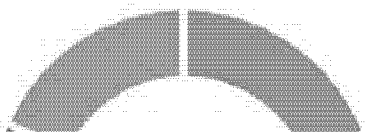
2009 TOTAL SHAREHOLDER RETURN*



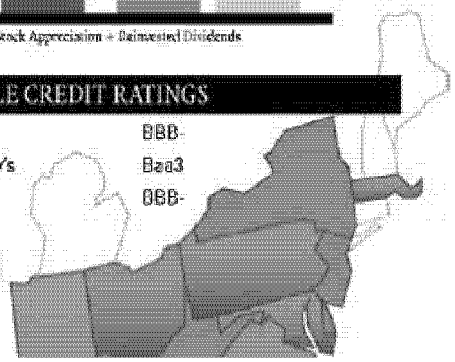
* Stock Appreciation + Reinvested Dividends

STABLE CREDIT RATINGS

S&P	BBB-
Moody's	Baa3
Fitch	BBB-



From the Gulf Coast through the Midwest to the Northeast, our portfolio of companies serves some of the nation's highest-value



Northeast Utilities

Electric

Operating Company	Territory in Square Miles	Communities	Customers
CL&P	4,400	149 in CT	1,200,000
WMECO	1,500	59 in MA	200,000
PSNH	5,628	211 in NH	490,000
Total	11,346	419 in CT, MA and NH; includes city of Holyoke, MA, served by HVP	1,890,000

Type	Quantity
Transmission Lines	3,140 circuit miles
Distribution Lines	32,802 pole miles
Transmission and Distribution Substations	513
Distribution Transformers	404,356

Natural Gas

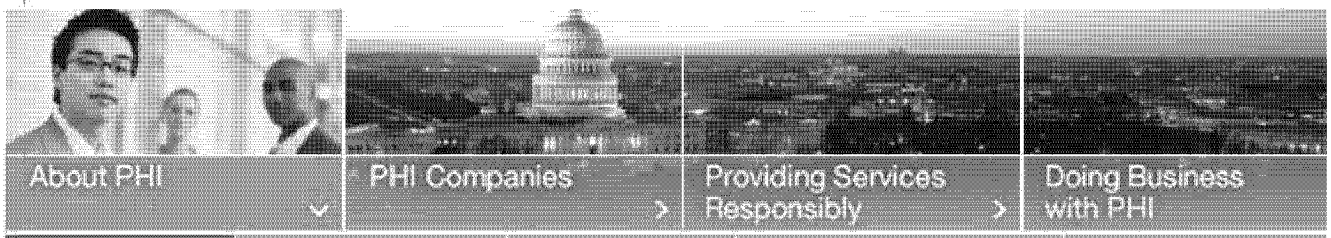
Operating Company	Territory in Square Miles	Communities	Customers
Yankee Gas	2,088	71 in CT	205,000

Type	Quantity
Mains	3,181
Services	148,084
Propane Plants	5
Liquid Natural Gas	1*

*LNG storage facility scheduled to go into operation for the 2007-2008 heating season.

PHI

Pepco Holdings Inc



Introduction to PHI | Corporate Governance | Investor Relations | FERC Standards of Conduct | News and Information

- Company Overview
- Board of Directors
- Executive Leadership
- Our Businesses
- Corporate Social Responsibility

Introduction to Pepco Holdings, Inc. (PHI)

PHI is one of the largest energy delivery companies in the Mid-Atlantic region, serving about 1.9 million customers in Delaware, the District of Columbia, Maryland and New Jersey. PHI subsidiaries Pepco, Delmarva Power and Atlantic City Electric provide regulated electricity service; Delmarva Power also provides natural gas service. PHI provides competitive wholesale generation services through Conectiv Energy and retail energy products and services through Pepco Energy Services.

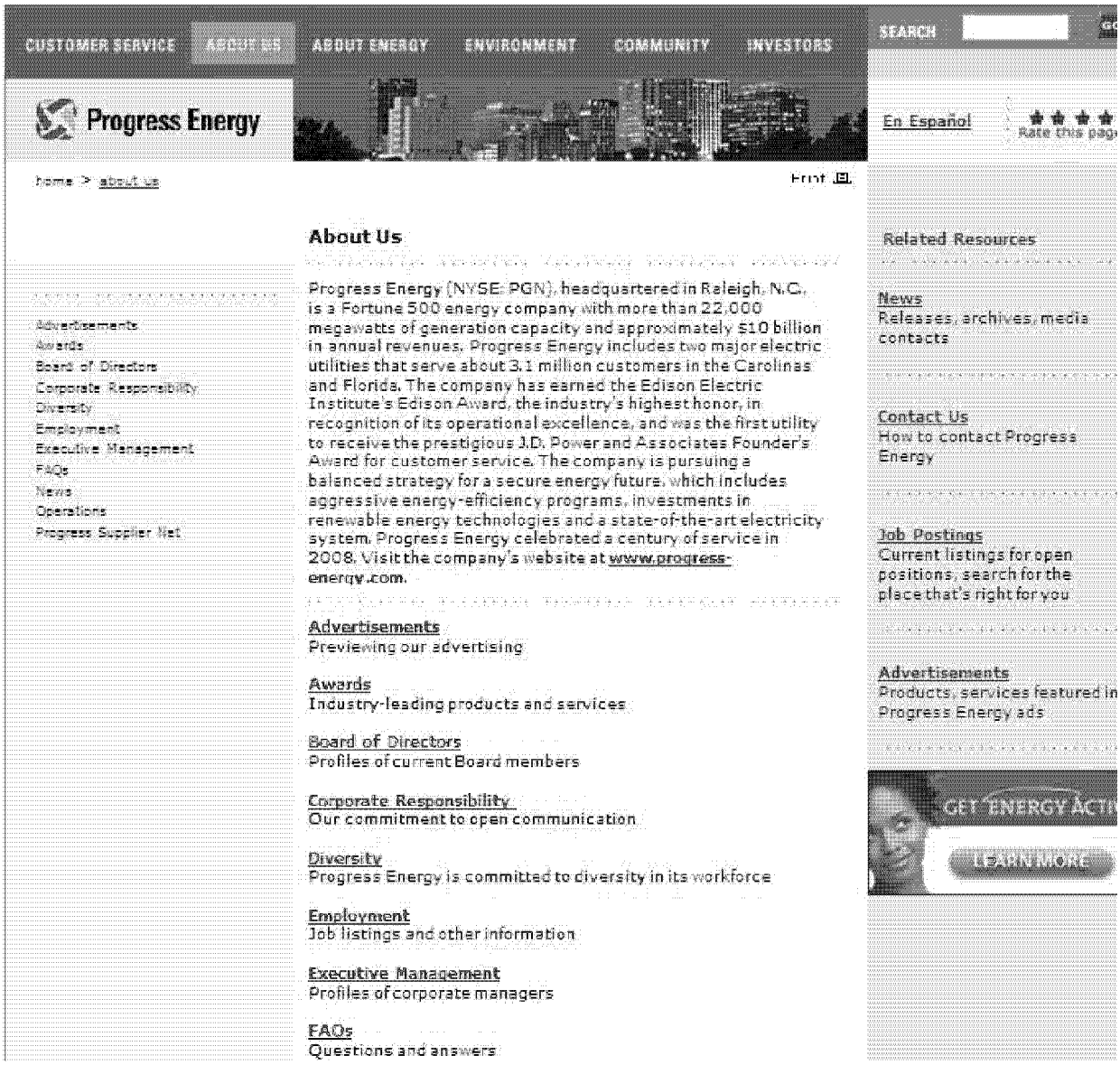
PHI's family of energy-related businesses includes:

- Pepco is a regulated electric utility delivering electricity to 778,000 customers in Washington, D.C., and its Maryland suburbs.
- Delmarva Power is a regulated utility to 498,000 electric delivery customers in Delaware and the Delmarva Peninsula and 123,000 natural gas delivery customers in northern Delaware.
- Atlantic City Electric is a regulated electric utility to 547,000 customers in southern New Jersey.

(Delmarva Power and Atlantic City Electric previously operated under the brand name Conectiv Power Delivery.)

- Pepco Energy Services is a leading provider of deregulated energy and energy-related services for residential, small business and large commercial customers.

Progress Energy



PNM Resources

Contact PNM | About PNM | PNM News

search

My Bill | My Home | My Business | My Safety | My Community | My Environment | PNM Fund | Careers | Español

About PNM

PNM serves about 498,700 electricity customers statewide and also sells electricity on the wholesale market.

The company, New Mexico's largest electricity provider, is based in Albuquerque.

ABOUT PNM
- About PNM
- PNM officers
- Map: PNM service area
- PNM systems

PNM was founded in 1917 as the Albuquerque Gas and Electric Co. and has undergone several transformations, including name changes, in its history. It sold its natural gas utility to New Mexico Gas Company in 2009.

The PNM Resources Foundation, a non-profit, tax-exempt corporation, has established generous contributions to non-profit organizations and educators in New Mexico.

Corporate information

PNM is one of three subsidiaries of PNM Resources, an investor-owned energy holding company also based in Albuquerque.

- Learn more about PNM Resources (pnmresources.com)
- Learn about PNM Resources' investor relations (pnmresources.com)
- Learn about PNM Resources' corporate governance and ethics initiatives (pnmresources.com)

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Texas-New Mexico Power Company.

tnmp.com

TX Customers NM Customers

corporate profile | employment | newsroom
community programs | diversity initiatives | regulatory postings

Find

Since 1935, TNMP has been proud to offer exceptional community-based electric service. Currently, TNMP provides electric service to 76 cities and more than 231,000 customers throughout Texas.

TNMP is owned by PNM Resources, an energy holding company based in Albuquerque, New Mexico.

In 2007, TNMP's New Mexico operations merged with PNM. PNM serves more than 490,000 customers in New Mexico.

SCANA

Family of Companies

SOUTH CAROLINA ELECTRIC & GAS COMPANY (SCE&G)
SCANA's principal subsidiary, SCE&G, is a regulated public utility engaged in the generation, transmission, distribution and sale of electricity to approximately 659,000 retail and wholesale customers in a service area covering nearly 17,000 square miles in the central, southern and southwestern portions of South Carolina. SCE&G is also engaged in the purchase, sale and transportation of natural gas at retail to approximately 313,000 customers in a service area covering more than 25,000 square miles in central and southern South Carolina.

For more information, visit www.sceg.com.

SOUTH CAROLINA GENERATING COMPANY, INC.
The company owns and operates Williams Station and sells electricity solely to SCE&G.

SOUTH CAROLINA FUEL COMPANY, INC.
The company acquires, owns and provides financing for SCE&G's nuclear fuel, fossil fuel and emission allowances.

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. (PSNC ENERGY)
Headquartered in Gastonia, NC, PSNC Energy is a regulated public utility engaged primarily in purchasing, selling and transporting natural gas to approximately 473,000 residential, commercial and industrial customers in a service area covering 12,000 square miles in the north central, Piedmont and western areas of North Carolina.
For more information, visit www.psncenergy.com.

Southern Company

SOUTHERN COMPANY

Investors | Careers | Customers | Corporate Responsibility | Operations | About Us

About Us
Facts & Figures
Megawatts & Markets
Generating Electricity

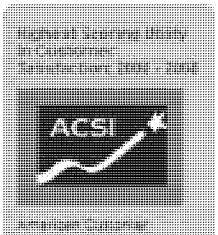
Facts & Figures - 2009

Financial highlights (as of Dec 31, 2009)	
Operating revenues	$15.74 billion
Net income	$1.64 billion
Earnings Per Share	$2.07
Average Shares Outstanding	795 million
Return on Average Common Equity	11.67 percent
Total Assets	552.046 billion

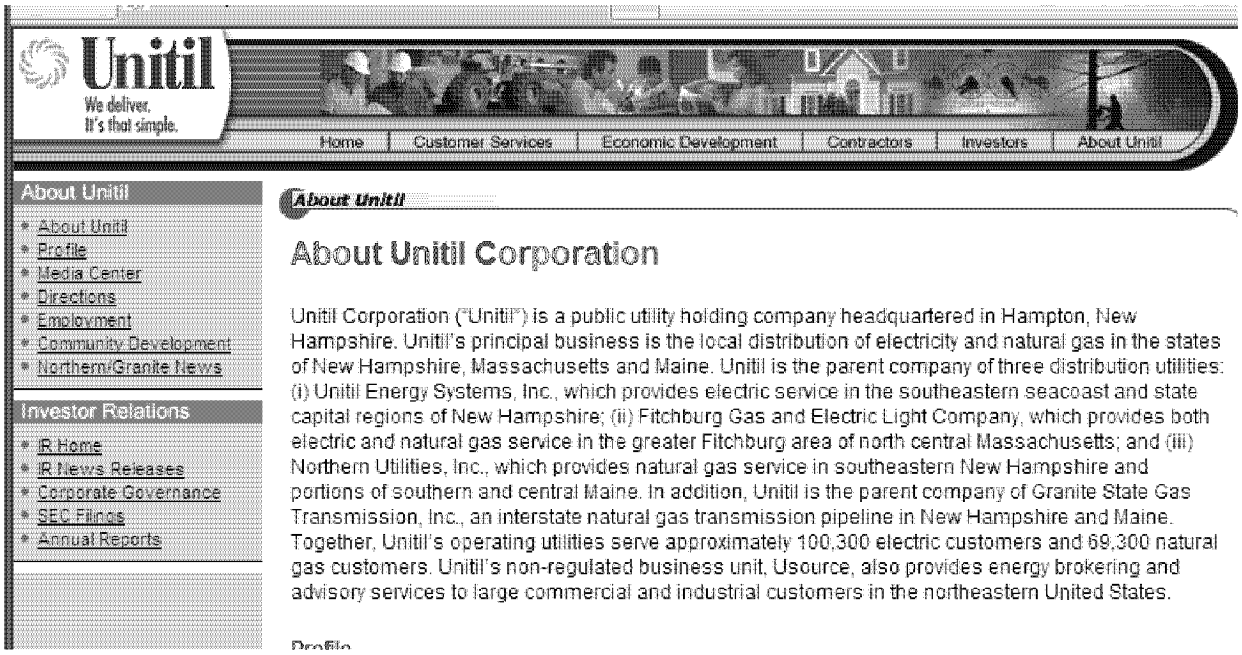
Customers and Sales	Customers	Energy sales (billions of kWh)
Residential	3,788,000	51.7
Commercial	580,000	53.5
Industrial	15,000	46.4
Other	9,000	1.0
Total Retail		152.6
Total Wholesale		33.5
Total	4,402,000	186.1

42,932 megawatts of generating capacity
Sources of generation: 57% coal; 23% oil and gas; 16% nuclear; 4% hydro.

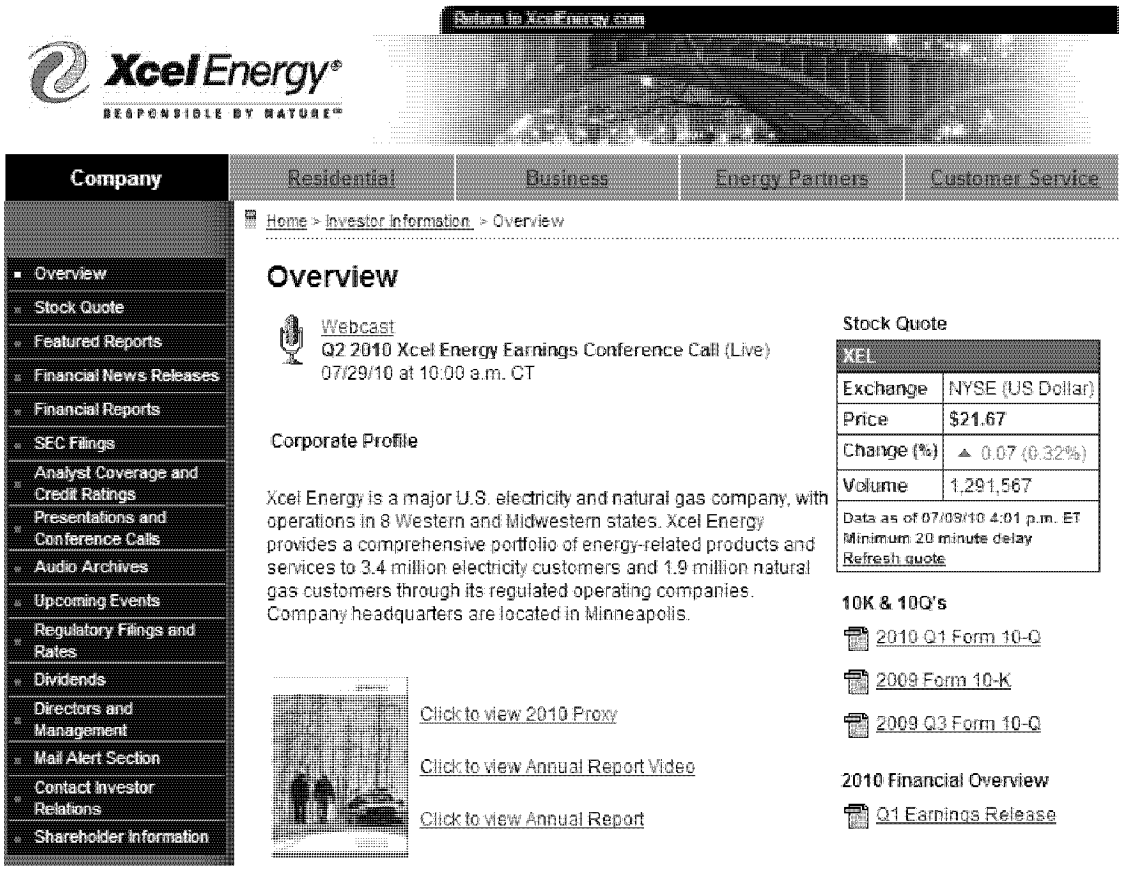
Environmental highlights
More stock information
Contact us (non-media)



Unitil



Xcel Energy



TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Patrick Baryenbruch

Other Participating Employees: None

Question:

49. Please provide a complete copy with all exhibits and appendices of the 2010 version of the 2007 AICPA National PCPS/TSCPA Management of an Accounting Practice Survey used by ***Mr. Baryenbruch.***

Response:

The AICPA's National PCPS/TSCPA Management of an Accounting Practice Survey is performed on a bi-annual basis and there are no others more current that the version Mr. Baryenbruch used for his TAWC study. The version he used is dated 2008 and contains information from 2007 (this fact is noted on page 18 in Mr. Baryenbruch's study). The 2010 version of the survey, containing 2009 data, has not yet been published.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller

Question:

50. Please provide for each year and quarter since January 1, 2006 and as projected for 2010, 2011, and 2012, the complete audited financial statements (including income statement and balance sheet) for ***AWWSC*** and ***AWWC*** and each subsidiary or affiliate of ***AWWC*** affiliate. If audited financial statements are not available, provide unaudited financial statements (including income statement and balance sheet) for such periods.

Response:

The Company objects to this request on the grounds that the request is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, see the Company's response to TN-COC-01-Q11 that attached the unaudited financial statements of AWWSC and AWCC, both of which provide direct services to TAWC. Also, see the response to TN-TRA-01-Q005 that provides the consolidated (reflecting the consolidated operation of all AWWC subsidiaries) audited financial statements of AWWC and the audited financial statements of TAWC for 2005-2009. The 2010 publicly available audited financial statements of AWWC can be found at amwater.com.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Jim Bozman

Question:

51. For purposes of this request please refer to ***TAWC's*** response to TRA-01-Q12, the Financial Statements of ***AWWC***. Please provide a detailed explanation of all sources of lines delineated "J&J Miscellaneous Income", the "Management Fees", and "Other Revenue" depicted on these financial statements for each of the years shown. Provide the amount projected for 2010 and 2011 for each of these items.

Response:

The Company objects to this request on the grounds that it seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, the Company would note that M&J income is recorded below the line for TAWC and the revenue and expenses in this category are not included in the Company's rate filing.

AWWC does not have income and/or revenue that fall in either of these two categories.

Merchandising & Jobbing (M&J) Miscellaneous Income is the net of two accounts 715111- M&J Revenues-Outside and 716121- M&J Expenses-Outside. This line accounts for jobs contracted by the company from outside vendors for various work. An example would be to fix a broken hydrant due to car accident.

Other Revenue on the Income statement consists of reconnection fees, application/Initiation fees for new customers, NSF check fees, and third-party billing fees.

Please see the response to TN-COC-01-Q61 for a breakdown of the management fees charged to TAWC.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller

Question:

52. Please ***Identify*** and provide copies (in the original medium and format) of all advertisements published in newspapers or other media, radio advertisements, and TV advertisements paid for by ***AWWC*** or any subsidiary or affiliate of ***AWWC*** since January 1, 2008 to date which were placed, displayed, or distributed in any area served by ***TAWC***.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, AWWC does not allocate any cost to TAWC. The Company eliminated all advertising expense charged to TAWC by AWWSC in the historical test-year and the attrition year from its requested cost of service in this case. See the Company's working papers provided in response to TN-TRA-01-Q013, at TRA-01-Q013-MANAGEMENT FEES, pages 1 and 11 of 12.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

53. Please provide a detailed listing of all expenditures for the advertisements identified in response to the previous Request, for all advertisements incurred by business unit 032068 CORP Marketing, and for all other advertisements since January 1, 2008 to date showing the amount, date, and payee. Explain which of these expenditures were charged to ***TAWC*** in whole or part and which were included in the historic, normalized, and attrition test years.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, AWWC does not allocate any cost to TAWC. The Company eliminated all advertising expense charged to TAWC by AWWSC in the historical test-year and the attrition year from its requested cost of service in this case. See the Company's working papers provided in response to TN-TRA-01-Q013, at TRA-01-Q013-MANAGEMENT FEES, pages 1 and 11 of 12.

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TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

54. Please ***Identify*** all ***Non-Regulated Services*** provided by ***TAWC, AWWC, AWWSC, AWR, AWCC,*** or any other affiliate or subsidiary of ***TAWC, AWWC, AWWSC, AWR,*** or ***AWCC*** to unaffiliated companies or customers. Describe in detail the services provided to each non-affiliated company and customer.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, TAWC does not provide unregulated services. TAWC receives non-regulated services from AWWSC, AWCC and AWR as described in the agreements and/or contracts provided in the response to TN-COC-01-Q44. In addition, see the response to TN-TRA-01-Q014 for a description of the services received from non-regulated subsidiaries of AWWC. In addition, see the Schumaker Report (Exhibit MAM-8 of Mr. Miller's direct testimony at pages 25-27 of 143).

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

55. ***Explain*** how common and support costs are allocated for each ***Non-Regulated Service*** and provide the number of customers of each entity and the revenues of each entity that is receiving the ***Non-Regulated Service.*** Provide the requested information for the years 2005, 2006, 2007, 2008, 2009, the test year, the attrition year, and as projected for 2010 and 2011. Provide all ***Workpapers*** and supporting ***Documents*** used to develop the prior response.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections see the response to TN-CAPD-01-PART III-Q74-CONFIDENTIAL ATTACHMENT.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

56. Please provide for each ***Non Regulated Service*** the amount of revenue received or to be received by ***AWWC***, and all subsidiaries and affiliates of ***AWWC*** in 2005, 2006, 2007, 2008, 2009, the test year, the attrition year and as projected for 2010 and 2011. ***Explain*** how the revenue identified is allocated to ***TAWC*** and to other regulated water and wastewater systems owned by ***AWWC*** or subsidiaries and affiliates *of* ***AWWC***. ***Identify*** the accounts in which this revenue is recorded and ***Explain*** how it was treated in this rate case.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, AWWC does not receive the revenues of its non-regulated subsidiaries, AWWC receives a return on its equity investment if and when the subsidiary board takes such action. Non-regulatory revenue is not allocated to TAWC or the other AWWC regulated subsidiaries. For information regarding the revenues generated from non-regulated subsidiaries see AWWC's 10-K for 2008-2009 (page 136) and 10-Q (page 17) for 2010 available on AWWC's website, amwater.com. The Company does not include non-regulated revenue for AWWC's non-regulated subsidiaries in the calculation of the revenue requirement in this case.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

57. ***Identify*** the all expenses and investments that are recorded on the books of regulated water and wastewater companies of which ***AWWC*** is a majority owner that were incurred or utilized in the provision of ***Non-Regulated Service*** for the years 2005, 2006, 2007, 2008, 2009, the test year, the attrition year, and as projected for 2010 and 2011. ***Identify*** all accounts in which these expenses and investments were recorded.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, AWWC does not receive the revenues of its non-regulated subsidiaries, AWWC receives a return on its equity investment if and when the subsidiary board takes such action. Non-regulatory revenue is not allocated to TAWC or the other AWWC regulated subsidiaries. For information regarding the revenues generated from non-regulated subsidiaries see AWWC's 10-K for 2008-2009 (page 136) and 10-Q (page 17) for 2010 available on AWWC's website, amwater.com. The Company does not include non-regulated revenue for AWWC's non-regulated subsidiaries in the calculation of the revenue requirement in this case.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller/John Watson

Other Participating Employees: Jim Bozman

Question:

58. For each ***Non-Regulated Service*** that has been made available to customers of ***TAWC*** or any other regulated subsidiary or affiliate of *AWWC, **Identify*** the number of customers who ordered, purchased, or subscribed to the ***Non-Regulated Service*** each year since first made available.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, see the responses to TN-CAPD-01-Q77 and Q78 for the current customers receiving AWR services.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

59. For each of the ***AWS Services*** or any other service or product attributed to American Water Solutions, please ***Explain*** what services or products are performed or provided and state which, if any, of the services or products are regulated by any state utility regulatory agency. For any services or products that are regulated, please ***Identify*** the state utility regulatory agency that regulates them.

Response:

The Company objects to this request on the grounds that it seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. All products and/or services offered under the umbrella American Water Solutions are not regulated. American Water Solutions is not an entity of AWWC but is a group heading that outlines all products and services AWWC offers.

Please see the attached document labeled as TN-COC-01-Q59-ATTACHMENT with detailed explanations of these products and services offered.

Residential Services

Service Line Protection Program

You may not realize it, but as a homeowner, you are responsible for paying for repairs to the water and sewer lines running from your home to the street, and plumbing repairs that occur within the home. In many cases, those lines were put in place years ago when your home was originally built.

American Water Resources, Inc., a subsidiary of American Water, provides specialized water line, sewer line and in-home plumbing protection services that help to insulate you from the unexpected high repair costs associated with water or sewer line failures and in-home plumbing repairs. At any time, normal wear and tear can cause water lines to leak or break and the sewer line to block or clog from natural aging, seasonal changes and root invasion from trees. You may experience a clogged bathroom sink, blocked or overflowing toilet, or a burst frozen water pipe. Worst of all, most homeowner insurance policies do not cover this type of damage.

The Water Line, Sewer Line and In-Home Plumbing Protection Programs* will cover these unexpected costs and provide you with peace of mind. This means that you won't have to spend hours searching for a qualified repair contractor - you can leave that to the experts. The Water Line, Sewer Line and In-Home Plumbing Protection Programs allow customers to enjoy:

- Peace-of-mind protection from the most experienced water resource manager in the country
- Convenience of fast and professional expert plumbing service - no hassle of searching for a qualified contractor
- Affordable payment terms with convenient monthly billing on customer water bills, or via check or credit card
- Claim coverage amounts up to $5,000** for your water line and $8,000** for your sewer line

Enroll Now and start protecting your home and property from unwanted repair costs!

For more information on the Water Line, Sewer Line and In-Home Plumbing Protection Programs* and their availability in your area, please call 1-866-430-0819 or contact us at cs@amwater.com.

**In CA this program is offered through American Water Resources Insurance Services. In CA and VA, this program is insurance provided by Virginia Surety Company, Inc.*

*** Coverage amounts vary by region*

Applied Water Management

With more than 6.7 billion people in the world, the demand on the water supply grows everyday. So smart use and reuse of this precious resource should be everyone's priority. That's where we come in. And that's where you come in. Because regardless of project size, every gallon of water saved makes a positive impact on the environment. Together we'll share information, ideas and most importantly, find solutions to our customers's water and wastewater challenges.

Established in 1984 and headquartered in Hillsborough, NJ, American Water's Applied Water Management Group offers award-winning, customized solutions to real estate developers, industrial clients, and new and expanding communities. We provide our clients with safe, reliable, long-lasting and highly-efficient solutions to suit individual water and wastewater needs.

The Applied Water Management Group has unparalleled experience in delivering geoscience services, designing, constructing and operating decentralized water and wastewater facilities. We offer a full range of water resource management services and are recognized as leaders in the industry for providing custom solutions and innovative use of technology.

Serving communities across the nation, American Water's Applied Water Management Group has offices in Delaware, Maryland, New Jersey, Nevada, Pennsylvania and Virginia. Our customized solutions include:

- Planning: We carefully integrate your needs with innovative technology
- Engineering: Our expertise in process, mechanical, electrical, structural and civil design ensures that we meet your project standards
- Design/Build: Complete community On-site Wastewater/Water Systems (COWS)solutions with guaranteed design costs
- Operations: Our licensed operators are highly-trained and qualified in their field

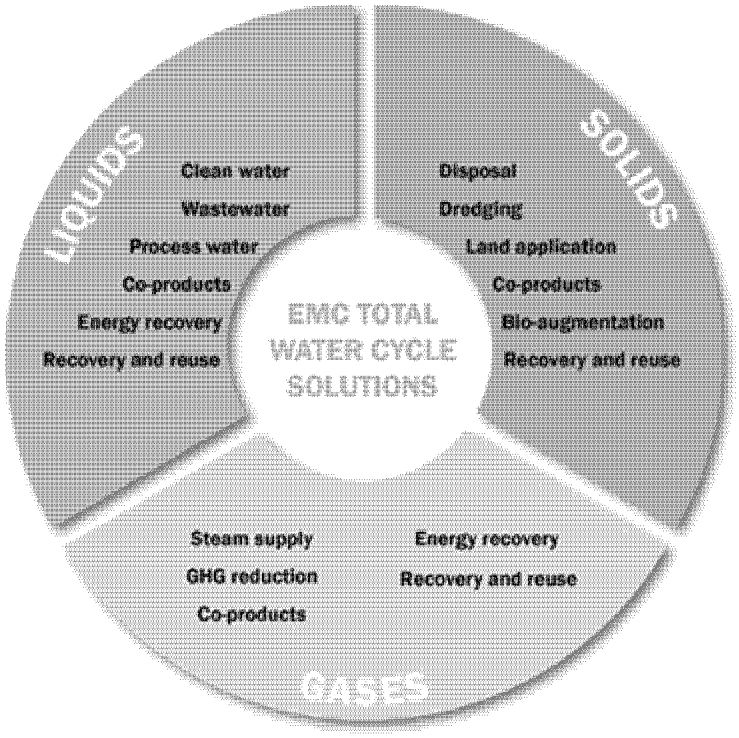
We also provide the following services:

- Expertise in the reclamation of treated wastewater
- Site Evaluation, design, permitting, construction management and operations services - provided independently or in conjunction with our other services
- Management, operation and maintenance of independent and decentralized facilities
- Asset ownership service model

We work closely and collaboratively with our customers to develop custom applications of the latest technologies in geoscience services, and the design, construction and operation of decentralized water and wastewater systems. We provide a broad range of services for residential, commercial, industrial and government clients. Where appropriate, Applied Water Management can assume ownership of these facilities, operating them exclusively as a state-regulated utility or in cooperation with one of the many regulated American Water utilities in North America.

Environmental Management Corporation

Headquartered in St. Louis, Missouri, American Water's Environmental Management Corporation is a forerunner in the development of sustainable and innovative solutions for effective water treatment management and operations. We pioneer solutions for optimizing the total water cycle - turning its liquids, solids and gases into our customers' best advantage.



Our services include sustainable project development and process operations. We will prospect ways to bring you predictable and sustainable value so you can focus on your core business while we lower your operating expenses with safe and reliable performance.

Environmental Management Corporation's customers are supported by strong local, regional and central teams of experts. Our world-class talent provides depth and breadth in science, engineering, operations, and finance. This diverse scientific expertise and broad process knowledge allows us to take a holistic approach to process-oriented system design. And we employ sophisticated systems and software to ensure the highest level of performance and reliability at the lowest possible cost.

Our organization is driven by operational key performance indicators. We achieve daily performance improvement with real-time transparency and pro-active management. We also create productivity gains by implementing best practices resulting from continuous benchmarking efforts and technology gains.

Sustainable Project Development

We excel at sustainable project development. With a long-term agreement, we will assume the technology, construction and lifecycle operating risk of your project.

We will ensure the facility is designed to deliver a safe and environmentally compliant operation with the highest quality water service. We consider process performance, best operating practices and technologies, and lowest lifecycle cost while ensuring your reliability is not compromised.

Our solutions are comprehensive and unbiased. We do not have any long-term commitments to any one equipment supplier, allowing us to select the best equipment for our customer's particular application.

Process Operations

Our Interlink™ offering will lead you to more efficient process operations. We can connect your facility to our team of experts to enhance your site's day-to-day operations, data management, system optimization and sharing of best practices.

Interlink™ will complement your current facility operations while reducing risk, increasing cost-savings opportunities, and long-term benefits. To allow our customers to choose the support most appropriate for their needs, we offer three levels of Interlink™ service.

Interlink™ Pro - Professional oversight and 24/7 monitoring
Interlink™ Plus - Professional oversight, 24/7 monitoring plus site audits/visits conducted by EMC field management
Interlink™ Max - Complete transfer of risk and operational responsibilities to Environmental Management Corporation

Corporate Headquarters
Environmental Management Corporation
1001 Boardwalk Springs Place, Suite 100
O'Fallon, MO 63368
Phone 636.561.9400
Fax 636.561.9401

Commercial Services

Our experienced teams have helped clients all over the country with their water and wastewater systems and value-added services such as LineSaver® service line protection programs.

We have the capability to operate and manage municipal water and wastewater systems, design and build systems of all sizes, and deploy teams of engineers and planners to help develop state-of-the-art systems. We can also customize, implement and manage the LineSaver® service line protection program.

Our commercial clients count on us everyday to help them develop, build and maintain their systems, or to help improve existing ones. Our solutions are varied and are customized to meet the needs of our clients. We don't provide one-size-fits-all solutions and we work hard to understand the true nature of the project and develop the best approach.

Our Commercial Services area will show you the many ways we can help you and your business, whether you're a manufacturer, a shopping mall, an NFL football stadium, or a restaurant.

Visit our case studies for information on specific projects.

Applied Water Management Group (see detail under Residential Services)

Environmental Management Corporation (see detail under Residential Services)

Planning & Engineering

For more information, contact us at 908.359.5501 or email us at awe.projectinquiries@amwater.com.

American Water's American Water Enterprises Group (AWE) works with commercial and industrial clients to design, build and operate decentralized water and wastewater facilities. Decentralized treatment facilities provide service to developments where connection to a central water utility is not feasible and allow for efficient water recycling and reuse.

Our work with clients on decentralized water and wastewater systems begins with planning and engineering. Partnering with leading engineering and design firms in the development and construction of state-of-the-art facilities, we provide expertise in process, mechanical, electrical, structural and civil design for clients.

Our planning and engineering services include:

- Project oversight – We supervise facility planning and engineering from start to finish.
- Feasibility and analysis studies – We conduct research to determine a development's most efficient water and wastewater service options.
- Site evaluation – We determine optimum locations for facilities.
- Permitting – We secure the permits necessary to build facilities.
- Plant and process design – We provide custom solutions and innovative uses of technology.

Design/Build

The lack of adequate water supply can pose numerous problems to development and slow growth. Bringing water to areas where it doesn't exist or where it is in short supply is another challenge that American Water helps businesses and communities overcome. Our teams have helped to plan and build infrastructure for all types of projects. We've worked with new residential communities, shopping malls, office buildings and international corporations to provide them with water and wastewater services.

Our strength as a leader in water service and wastewater treatment stems from our expert teams and our longevity in the industry. Our teams of experts work hard each day to develop solutions that provide our customers with the water that is necessary to everyday life. Whatever the challenge is, chances are American Water can help to solve it. We have the expertise and the capabilities to design and build decentralized water and wastewater facilities for developers, helping them deliver projects on time and on budget.

We manage water resources in an environmentally sensitive way, and always take into account the environmental impact of the projects we design and build. One type of system we design - Community On-Site Water/Wastewater Systems (COWS) – are small decentralized systems that are managed as one without being physically interconnected. The COWS model minimizes environmental impact by recycling water or recharging groundwater.

We're a trusted water resource company dedicated to creating and delivering innovative solutions, and we're able to put our experience to use for you.

Contract Operations

For companies seeking to maintain ownership of their decentralized water and wastewater treatment facilities, American Water's American Water Enterprises Group (AWE) can manage, operate and maintain the facilities under contract. We provide communities across the country with a variety of services, which include providing water and wastewater-related services, engineering and planning for new projects or upgrades to existing projects, consulting and sales of water infrastructure and distribution products, such as pipes, to water and wastewater utilities and other consumers.

Benefits to contracting your plant's operations include:

- The use of specialized, highly automated techniques to run facilities efficiently

- Ensuring that your treatment plants are run by licensed operators whose training and experience make them leaders in the field
- Tapping into a team who has extensive experience operating under a variety of contract scenarios and are committed to cost-effective operations

Our teams of experts have experience in every stage, and in every facet of water and wastewater service solutions - from managing the design and building of a new system, to upgrading an existing project, to the operating and maintaining the project once it is complete.

For more information, contact Bill Patterson, Senior Vice President of Business Development, at 856-346-8200.

LineSaver® Service Line Protection Program

LineSaver®
Water Line Protection Program*
Sewer Line Protection Program*
In-Home Plumbing Emergency Protection Program*

American Water's service line protection programs are available nationwide under the LineSaver® brand to municipalities that have self-operated systems or have a public-private partnership for their water and sewer systems.

As a municipal leader, you can enhance the image of your community and utility by reducing homeowner complaints, providing a valuable public service, and securing a new income opportunity.

What Is LineSaver?
Homeowners in your community may not be aware of their responsibility to maintain the water and sewer laterals that run through their property. LineSaver helps protect homeowners from the high cost of internal and external water and sewer line repairs typically not covered by homeowners insurance.

How Does LineSaver Work?
American Water Resources®, a subsidiary of American Water, fully manages the Program. With over 10 years of experience designing, testing, and administrating service line protection programs, our team of experts will customize LineSaver to meet the operational, resource, and financial needs of your municipality.

Benefits include:

- Income opportunity for your municipality
- No capital investment, no budget increase, and no new taxes
- Service line repairs (within program terms and conditions) paid by American Water
- Convenient 24/7 customer service for 365 days a year
- Guaranteed 24 hour contractor response
- Efficient claims management
- Local contractor network established by American Water

- American Water Resources develops, distributes, and pays for homeowner educational and marketing materials
- Optional program enrollment for homeowners
- Reduced community complaints
- Peace of mind protection for your community

It's time to bring LineSaver to your municipality!
To secure a meeting or conference call presentation with our experts, call the Homeowner Services Group of American Water at 1-800-931-1548 or contact us at LineSaver@amwater.com.

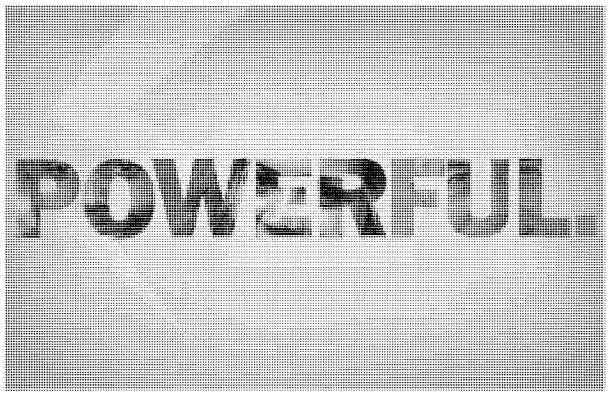
**In CA this program is offered through American Water Resources Insurance Services. In CA and VA, this program is insurance provided by Virginia Surety Company, Inc.*

LineSaver Utility Partnerships

American Water Resources offers other utility companies the opportunity to build a LineSaver partnership that can help tap into incremental revenue growth, differentiate your business from competitors, bundle programs, and continue to provide your customers with exceptional products and services that enhance your brand and build loyalty.

Over the years, American Water Resources - a subsidiary of American Water - has become the most experienced provider of water and sewer line service contract protection with hundreds of thousands of satisfied customers across the country enrolled in our programs. Our Water Line Protection, Sewer Line Protection and In-Home Plumbing Emergency Programs were developed in response to homeowner interest in protecting themselves from repairs that could potentially cost thousands of dollars and which require prompt attention and skilled resolution.

View our LineSaver benefits matrix here or contact Amy Marks-Bash for more information at 856.874.4954 or amarks@amwater.com.



*Insurance provided by Virginia Surety Company, Inc. In California, program is administered by American Water Resources Insurance Services.

Service Line Partnerships

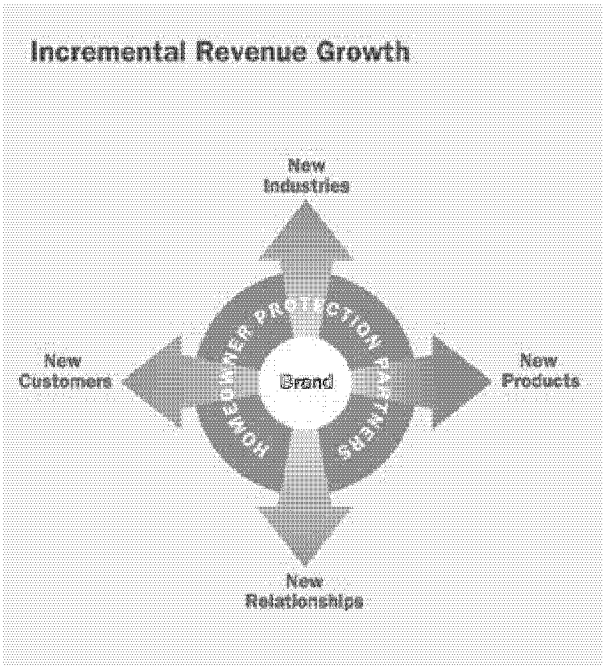
Homeowner Protection Partners

Your partner in opportunity.

Homeowner Protection Partners is a growing resource for companies seeking to increase revenue by taking advantage of the benefits of strategic brand extension and innovative marketing initiatives. Whether you are looking to introduce your brand to a new industry, create new and powerful affiliate relationships, or enhance customer service, you can trust Homeowner Protection Partners.

We create new value in existing customer relationships by providing access to innovative products and services that drive loyalty and build revenue.

Through our strategic affiliation, your company enjoys a new revenue stream with no capital investment.



Building on Success.

Hundreds of thousands of homeowners nationwide are already taking advantage of our service line protection programs, and for good reason. Broken water lines or sewer line blockages can cause real financial hardship for homeowners, especially when they discover that they are responsible to cover the repair costs. Service line repairs can cost thousands of dollars, and are typically not covered by homeowners insurance. Our success is attributed to educating homeowners about service line ownership. We currently manage over 600,000 service line protection contracts nationwide and are now poised for growth via partnerships with leading companies.

Homeowner Protection Partners is administered by American Water Resources®, a subsidiary of American Water, one of the nation's largest water and wastewater services provider. American Water employs nearly

7,000 people and serves more than 15 million customers. With a proud heritage of over 120 years of experience providing exceptional service and innovative solutions, American Water is a resource you can trust.

Open up a pipeline to greater profits!
Interested companies click here, e-mail HomeownerProtectionPartners@amwater.com or call 1.866.601.1608 to find out how.

**In CA this program is offered through American Water Resources Insurance Services. In CA and VA, this program is insurance provided by Virginia Surety Company, Inc.*

Billing Services

American Water's partnerships with communities on water and wastewater management have yielded substantial cost reductions, measurable performance improvements and superior service to citizens.

By offering a suite of automated billing services, we have helped communities operate their water utilities more efficiently. By implementing advanced information technology plans and using the internet, we help communities automate traditional manual processes, including:

- Meter Reading
- Customer Accounts
- Communications
- Collections
- Consumption Calculations
- Water Quality Analysis
- Work Orders, Purchase Orders and Inventory

By centralizing systems and applications, we can reduce costs and eliminate redundancy in systems, staff and support. And by leveraging these applications over time, communities can realize continued efficiency improvement.

Residuals Management

American Water Residuals (Terratec Environmental Ltd.) is a leading provider of residuals management throughout North America.

With over 30 years of biosolids management experience, Terratec's professional, agricultural and technical staff provides comprehensive biosolids management programs which include recommendations regarding application methods equipment requirements, storage facility considerations, monitoring systems and agricultural nutrient management considerations as well as the organization of public relations programs and government agency liaison.

Our Residuals Management group provides a vast array of innovative and sustainable solutions for all residuals challenges.

We are pleased to offer a wide array of specialized services including:

- Beneficial Reuse Through Land Application
- Advanced Technology/Products
- Commercial Services
- Special Projects

Our Clients Include:

Municipal

- Toronto
- Halton
- Hamilton
- Niagra
- Peel
- Durham
- Ottawa
- Waterloo
- Kingston
- Guelph
- Peterborough
- Windsor
- Port Hope
- Cobourg
- Belleville
- Napanee
- Chatham
- Sarnia
- North Bay
- Thunder Bay
- Elliot Lake
- Carleton Place
- Kemptville
- Parry Sound
- Orillia
- London
- Buffalo, New York
- Seattle, Washington

Industrial

- Food Processing
- Petrochemical
- Lumber
- Manufacturing
- Pharmaceutical
- Livestock, etc.

Construction

- Consulting Engineers

For additional information and a free estimate, please contact us at 1.800.846.2097.

Carbon Services

American Water is a leading provider of granular activated carbon (GAC) – a filter medium used to remove organic materials during water treatment and control water taste and odor. We are the only U.S. provider of custom GAC reactivation services in North America.

Our Carbon Services Group has the right carbon to best fit several specific treatment applications. We offer three types of GAC:

- Virgin GAC – We remove, reactivate and dispose of spent GAC from the treatment facility and replace it with the proper volume of virgin GAC, produced from raw materials.
- Reactivated GAC – We remove and reactivate spent GAC and add virgin GAC as make-up to replace all losses incurred at the treatment facility. The proper volume is returned to the facility.
- Custom Blended GAC – We remove and reactivate spent GAC and add virgin GAC to create a custom blend of virgin/reactivated GAC proportioned to be most cost-effective. The proper volume is returned to the treatment facility.

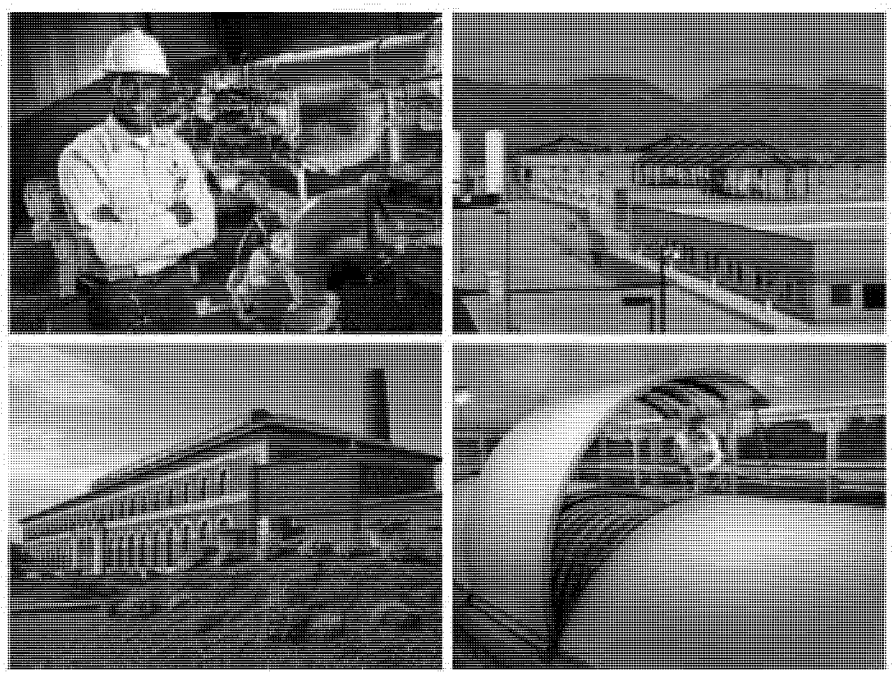
American Water also offers a wide range of services related to GAC and other filter media, including:

- GAC Analysis
- Plant Operations/Optimization
- Media Change-Outs
- Media Supply
- Media Disposal
- Media Equipment and Vessels
- Emergency/Temporary Services

Case Studies

Over the years, and all across North America, American Water has had the opportunity to work on exciting projects of all sizes. What can we do for you?

Click the image below to view the American Water Solutions website:



Developer Services

Working with knowledgeable and experienced teams can bring enormous value to a development project. Not only do we offer a variety of water and wastewater services for developers across the nation, we offer teams of experienced professionals who can help you complete projects of any size.

Visit our case studies for information on specific projects.

Applied Water Management Group (see detail under Residential Services)

Planning & Engineering (see detail under Commercial Services)

Design/Build (see detail under Commercial Services)

Contract Operations (see detail under Commercial Services)

Own/Operate

In addition to operating decentralized water and wastewater systems, American Water's American Water Enterprises Group (AWE) can assume ownership of facilities and their assets. As the facility owner and operator, we offer developments the opportunity to receive financial benefit while relieving them from the risk and responsibility of running a utility.

As facility owner, we assume responsibility for:

- Operations
- Management

- Maintenance
- Customer Billing

Whether you represent a homeowners association, developer or public service provider, we can provide an asset purchase solution to suit your needs.

Geosciences Services

Offering expertise in accessing groundwater sources and returning effluent responsibly to the ground, American Water's Geosciences Services team helps developers identify the optimum locations for treatment facilities. Housed within our Applied Water Management (AWM) Group, our team is comprised of experts in the field of geosciences. Known as the Geosciences Services Group, this team provides AWM with in-house expertise in hydrogeology, environmental geology, engineering geology and soil science.

The team's expertise is a core service offered by AWM, and provides additional value as the group works with clients to develop decentralized water and wastewater utilities. The Geosciences team also independently offers its services to a variety of clients including residential developers, municipalities and private utilities throughout the Mid-Atlantic region. Comprised of professional geologists, soil scientists and field technicians, the Geosciences Services Group provides clients with reliable and sustainable water solutions through planning studies, feasibility assessments, detailed investigation, analysis, modeling, permitting, construction management and expert testimony.

As part of the planning and engineering process for new facilities, our Geosciences Services include:

- Fracture trace analysis to locate the best-yielding groundwater sources in fractured bedrock aquifers
- Test drilling to access groundwater sources
- Monitoring groundwater wells
- Securing water allocation permits
- Modeling for effluent disposal

For more information, contact Applied Water Management at 908.359.5501.

Permitting

American Water assists developers in securing the permits necessary to build a decentralized water or wastewater treatment plant. While requirements vary from state to state and project to project, our permitting expertise allows us to keep projects on track. Permits typically secured for water or wastewater treatment projects include:

- Water Allocation Permit
- Wastewater Management Plan Amendment
- Disposal Permit
- Treatment Works Approval

Water Recycle & Reuse

In areas where water demand outweighs supply, American Water specializes in the reclamation and reuse of treated wastewater. Recycled water can be used for several purposes, such as irrigation, toilet flushing, facilities cooling and industrial applications. It can also be released to recharge groundwater or streams.

We have contributed our expertise in water reuse to several innovative projects, including self-contained wastewater recycling systems in New York high-rises and a system built to help an NFL football stadium handle the halftime flush by recycling and reusing its own water.

Watch our video on reclaimed water to learn more. View our Reuse projects here.

Visit amwatersolutions.com to learn more about many of the solutions we've completed across the country.

Green Solutions

It's no secret that the earth's water supply is dwindling, and it's no secret that there is a growing need to develop and perfect new processes and technologies to preserve and recycle what supply we do have.

The lack of adequate water supply can pose numerous problems to development and slow the growth. Bringing water to areas where it doesn't exist or where it is in short supply is another challenge that American Water helps businesses and communities overcome. Our teams have helped to plan and build infrastructure for all types of projects. We've worked with new residential communities, shopping malls, office buildings and international corporations to provide them with water and wastewater services.

Over the past few years, American Water experts have become involved in projects that help to recycle water supply and tap into sources that have been previously out of reach. At Gillette Stadium in Massachusetts, and at the Solaire luxury high-rise apartment building in New York City, our expertise has been tapped to develop self-contained wastewater recycling systems that save water by treating and reusing water that is used inside the buildings.

We've also been hired to help with a seawater desalination treatment plant in Tampa, Florida. The project will convert ocean water to drinking water and serve a wide area of residents and businesses in the drought-prone area in Florida. This facility, as well as a facility that is underway in Monterey, California, will help to ensure that high-quality water remains available in these areas and that the conversion process is safe and environmentally sound. The desalination plant in Tampa, Florida, is the largest of its kind in the United States.

To learn more about Gillette Stadium, Tampa Bay and other Green Solutions, visit our Case Studies section.

Case Studies (see detail under Commercial Services)

Federal Services

Our American Water Enterprises and Military Services Group works with the United States Government to provide water and wastewater services to a number of locations across the country. We're able to provide our full array of services, design/build, planning and engineering, and many more to help solve water and wastewater service challenges of all scopes and sizes.

Military Services

Our Military Services Group works with the United States Military to treat and supply water and to collect and treat wastewater for military installations all over the country.

Visit our Current Customers page to learn about the solutions we are currently providing to the U.S. Military.

For more information about Military Services Group, please contact Gary Kolp, Business Development, 856.359.2081.

Case Studies (see detail under Commercial Services)

Municipal Services

For more than 121 years, we've been providing high-quality water and wastewater service to cities and towns across the country. We've seen all types of issues and challenges and have learned that one size solution doesn't fit all. Our solutions are varied and are customized to meet the unique needs of each individual project.

We're experienced in creating infrastructure plans, building custom water and wastewater systems, developing "green solutions", providing water to areas that lack adequate supply, and implementing and managing service line protection programs.

But that's not the whole story. We also help communities by providing operation, maintenance and upgrades to existing systems. We can even help out with billing and administrative systems and revenue-generating value-added services. Our Municipal Services area will show you the many ways we can help you and your community improve service to your customers, while still maintaining local ownership.

Applied Water Management Group (see detail under Residential Services)

Environmental Management Corporation (see detail under Residential Services)

What We Do For Municipalities

Our teams of expert scientists, engineers and plant operators, as well as our field teams and customer service representatives work hard every day to provide the highest level of service to our municipal customers. Our longevity in the water industry, as well as a our national footprint, allow us to offer a wide array of capabilities that other water utility companies cannot.

In addition to our standard services like operations, maintenance, planning and engineering, we are also able to create public private partnerships, help with infrastructure upgrades and create concession relationships. All of our programs are customized to fit the unique needs of the municipality's water and wastewater needs.

A recent report from the USEPA gives us a look inside our country's water pipes, plants and other infrastructure. Calling it a "significant challenge," the report states that $300 billion in updates will have to be made over the course of the next 20 years in order to ensure the reliability and quality of water and

wastewater service in the U.S. A high percentage of cities and towns across the country have neither the expertise, nor the budgets to make these necessary upgrades and repairs on their own. We do. And we've been helping cites like Buffalo and Seattle deliver a higher standard of service and higher quality water to their businesses and residents.

In certain situations, American Water can even provide financial relief to a municipality. For customized solutions that can help overcome budget gaps, declining credit ratings or borrowing capacity limitations, American Water delivers. Put the power of the largest investor-owned U.S. water and wastewater services company to work for your municipality. With a proven history of success working with communities around the country, we are making a difference for municipalities through innovative and responsible ways of addressing financial and infrastructure challenges. For more information on how we may be able to help, call Bill Patterson at (856) 346-8200 to learn more.

NATIONAL LEADERSHIP • INNOVATIVE SOLUTIONS • PROVEN EXPERTISE • ENVIRONMENTAL STEWARDSHIP • RELIABLE CUSTOMER SERVICE

Public-Private Partnerships

You might not realize it, but your water system has always involved the private sector. From the lawyers who assist with financing arrangements, to the contractor who poured the concrete, to the engineers who design pump stations, you rely on private services to get water to your customers. Choosing a single, experienced private provider can streamline all of those contacts, making far less work for you and bringing greater reliability and service to your customers. That means that public-private partnerships are not revolutionary at all but, instead, merely an evolution of how to most efficiently and cost-effectively deliver reliable water and wastewater services to customers

When a water or wastewater system is designed and built, typically the municipality is burdened with coordinating and overseeing all of the private contractors involved, including each construction specialty, financing and legal work. That means the municipality also assumes the risk involved in this fragmented management system. Relying on a single private partner who is experienced in the industry to manage all aspects of the project can transfer these risks to the private partner and will deliver high-quality, less stressful results.

To American Water, a public-private partnership is exactly what it sounds like: a partnership in which the public truly comes first. It's all about local involvement, improving the quality and reliability of a community's water or wastewater system and service to its customers, updating its pipes and treatment plants to handle the growth its area is experiencing, and being a good neighbor in the areas we serve.

A public-private partnership with American Water can also help you upgrade your system infrastructure, which could be decades or even a century old, without the resistance you might see from residents. It will also relieve the pressure that changing weather patterns like drought and flooding are putting on communities across the country by linking you to a company that regularly deals with and has developed best practices around changing weather patterns. Many cities are forced to impose water restrictions and find ways to deal with heavy rain but those are the issues American Water effectively deals with every day – for over 121 years. It's what we do.

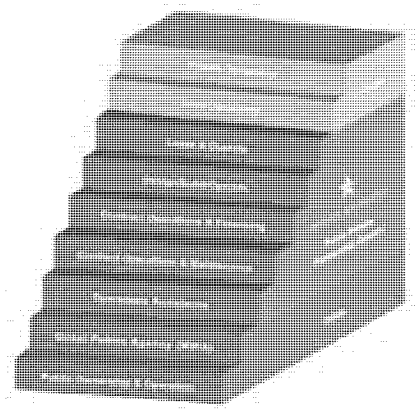
In Buffalo, New York, we've helped save $21 million so far by partnering with the city to operate and manage its water system, to conduct maintenance and repairs and to automate its customer record maintenance system. The operation serves a population of 290,000 and produces about 85 million gallons of water each day. Together with the City of Buffalo, we won the 2007 Outstanding Achievement Award in Public/Private Partnerships given by the U.S. Conference of Mayors Business Council.

The Tolt treatment facility in Seattle is another success story. In 1997, American Water began working on the project which now provides the city with 120 million gallons of water per day, or roughly 30% of the City of Seattle's annual drinking water supply. The plant's design/build/operate model developed by American Water and its partners saved the city an estimated $60 to $70 million over its original benchmark design costs.

View the entire Buffalo and Seattle case studies here.

Types of Public-Private Partnerships:

Click the stairstep image below to learn more.



Contract Operations

For companies seeking to maintain ownership of their decentralized water and wastewater treatment facilities, American Water's American Water Enterprises Group (AWE) can manage, operate and maintain the facilities under contract. We provide communities across the country with a variety of services, which include providing water and wastewater-related services, engineering and planning for new projects or upgrades to existing projects, consulting and sales of water infrastructure and distribution products, such as pipes, to water and wastewater utilities and other consumers.

Benefits to contracting your plant's operations include:

- The use of specialized, highly automated techniques to run facilities efficiently
- Ensuring that your treatment plants are run by licensed operators whose training and experience make them leaders in the field

- Tapping into a team who has extensive experience operating under a variety of contract scenarios and are committed to cost-effective operations

Our teams of experts have experience in every stage, and in every facet of water and wastewater service solutions - from managing the design and building of a new system, to upgrading an existing project, to the operating and maintaining the project once it is complete.

For more information, contact Bill Patterson, Senior Vice President of Business Development, at 856-346-8200.

Design/Build

The lack of adequate water supply can pose numerous problems to development and slow growth. Bringing water to areas where it doesn't exist or where it is in short supply is another challenge that American Water helps businesses and communities overcome. Our teams have helped to plan and build infrastructure for all types of projects. We've worked with new residential communities, shopping malls, office buildings and international corporations to provide them with water and wastewater services.

Our strength as a leader in water service and wastewater treatment stems from our expert teams and our longevity in the industry. Our teams of experts work hard each day to develop solutions that provide our customers with the water that is necessary to everyday life. Whatever the challenge is, chances are American Water can help to solve it. We have the expertise and the capabilities to design and build decentralized water and wastewater facilities for developers, helping them deliver projects on time and on budget.

We manage water resources in an environmentally sensitive way, and always take into account the environmental impact of the projects we design and build. One type of system we design - Community On-Site Water/Wastewater Systems (COWS) – are small decentralized systems that are managed as one without being physically interconnected. The COWS model minimizes environmental impact by recycling water or recharging groundwater.

We're a trusted water resource company dedicated to creating and delivering innovative solutions, and we're able to put our experience to use for you.

LineSaver® Service Line Protection Program

LineSaver®
Water Line Protection Program*
Sewer Line Protection Program*
In-Home Plumbing Emergency Protection Program*

American Water's service line protection programs are available nationwide under the LineSaver® brand to municipalities that have self-operated systems or have a public-private partnership for their water and sewer systems.

As a municipal leader, you can enhance the image of your community and utility by reducing homeowner complaints, providing a valuable public service, and securing a new income opportunity.

What Is LineSaver®?
Homeowners in your community may not be aware of their responsibility to maintain the water and sewer laterals that run through their property. LineSaver® helps protect homeowners from the high cost of internal and external water and sewer line repairs typically not covered by homeowners insurance.

How Does LineSaver® Work?
American Water Resources®, a subsidiary of American Water, fully manages the Program. With over 10 years of experience designing, testing, and administrating service line protection programs, our team of experts will customize LineSaver® to meet the operational, resource, and financial needs of your municipality.

Benefits include:

- Income opportunity for your municipality
- No capital investment, no budget increase, and no new taxes
- Service line repairs (within program terms and conditions) paid by American Water
- Convenient 24/7 customer service, 365 days a year
- Guaranteed 24 hour contractor response
- Efficient claims management
- Local contractor network established by American Water
- American Water Resources develops, distributes, and pays for homeowner education and marketing materials
- Optional program enrollment for homeowners
- Reduced community complaints
- Peace of mind protection for your community

It's time to bring LineSaver® to your municipality!
To secure a meeting or conference call presentation with our experts, call the Homeowner Services Group of American Water at 1-800-931-1548 or contact us at LineSaver@amwater.com.

**In CA this program is offered through American Water Resources Insurance Services. In CA and VA, this program is insurance provided by Virginia Surety Company, Inc.*

Billing Services

American Water's partnerships with communities on water and wastewater management have yielded substantial cost reductions, measurable performance improvements and superior service to citizens.

By offering a suite of automated billing services, we have helped communities operate their water utilities more efficiently. By implementing advanced information technology plans and using the internet, we help communities automate traditional manual processes, including:

- Meter Reading
- Customer Accounts
- Communications
- Collections
- Consumption Calculations
- Water Quality Analysis
- Work Orders, Purchase Orders and Inventory

By centralizing systems and applications, we can reduce costs and eliminate redundancy in systems, staff and support. And by leveraging these applications over time, communities can realize continued efficiency improvement.

Infrastructure Upgrades

The United States Environmental Protection Agency (USEPA) estimates that approximately $277 billion of capital spending will be needed between 2003 and 2022 to replace aging water infrastructure and comply with stricter water quality standards, and the USEPA estimates that approximately $388 billion will be needed between 2000 and 2019 to replace aging wastewater infrastructure. We intend to invest capital prudently to enable us to continue to provide essential services to our regulated water and wastewater utility customers. Investing in our infrastructure is critical to our mission of serving our customers high-quality water and wastewater services.

We have a strong, ongoing commitment to investing in infrastructure and keeping it updated. We are committed to delivering excellent services, that our customers depend upon, at an exceptional value. Tap water costs about a penny a gallon - a remarkable value compared to any other utilities today. With few exceptions, water service remains the lowest utility bill that a household will pay.

Additional Resources

American Society of Civil Engineers 2009 Report Card for America's Infrastructure

Full Report Card (pdf)

Drinking Water and Wastewater Sections (pdf)

White Papers

Challenges In The Water Industry: Fragmented Water Systems

Challenges In The Water Industry: Infrastructure And Its Role In Water Supply

Concessions

It may seem unusual, but when we look at your water system, we consider your pipes and treatment plants to be important yet underleveraged assets. In this new form of public/private partnership, you are able to raise funds for your city by monetizing those assets while retaining ownership and control. You receive an upfront cash payment while maintaining ownership and control of the implementation of added efficiencies and cost savings through the expertise of an experienced operator like American Water. In addition, your city continues to control the water system and set the rates.

The concession model is similar to a long-term lease. The contract might be 20-30 years or longer but is negotiable. During negotiation of the contract, you will determine how the water system will be run and how rates will be set. Once the contract is finalized, your municipality will receive a large infusion of money, which can be used to help address financial constraints for key infrastructure projects or other important city priorities.

For more information, contact Bill Patterson, Senior Vice President of Business Development, at 856-346-8200.

Case Studies (see detail under Commercial Services)

Green Solutions

It's no secret that the earth's water supply is dwindling, and it's no secret that there is a growing need to develop and perfect new processes and technologies to preserve and recycle what supply we do have.

The lack of adequate water supply can pose numerous problems to development and slow the growth. Bringing water to areas where it doesn't exist, or is in short supply is another challenge that American Water is helping businesses and communities overcome. Our teams have helped to plan and build infrastructure for all types of projects. We've worked with new residential communities, shopping malls, office buildings and international corporations to provide them with water and wastewater services.

Over the past few years, American Water experts have become involved in projects that help to recycle water supply and tap into sources that have been previously out of reach. At Gillette Stadium in Massachusetts, and at the Solaire luxury high-rise apartment building in New York City, our expertise has been tapped to develop self-contained wastewater recycling systems that save water by treating and reusing water that is used inside the buildings.

We also helped rehabilitate and currently operate The Tampa Bay Seawater Desalination Plant, the largest of its kind in the United States. The project converts ocean water to drinking water and serves a wide area of residents and businesses in the drought-prone area in Florida. The facility helps to ensure that high quality water remains available in these areas and that the conversion process is safe and environmentally sound.

Visit amwatersolutions.com to learn more about many of the solutions we've completed across the country.

Water Reuse and Recycling

In areas where water demand outweighs supply, American Water specializes in the reclamation and reuse of treated wastewater. Recycled water can be used for several purposes, such as irrigation, toilet flushing, facilities cooling and industrial applications. It can also be released to recharge groundwater or streams.

We have contributed our expertise in water reuse to several innovative projects, including self-contained wastewater recycling systems in New York high-rises and a system built to help an NFL football stadium handle the halftime flush by recycling and reusing its own water.

Watch our video on reclaimed water to learn more. View our Reuse projects here.

Visit amwatersolutions.com to learn more about many of the solutions we've completed across the country.

Environmentally Friendly Products

A little bit of effort can go a long way.

By choosing to use environmentally friendly products such as recycled paper, non-aerosol products,

organically-based cleaners and other earth-friendly products, you can do your part to help protect the environment and our natural resources.

Clean Green

Some ordinary household cleaning products are considered hazardous materials. An easy way to familiarize yourself with most household hazardous wastes is to look on container labels for danger symbols. Products may be poisonous, corrosive, highly flammable or even explosive. When hazardous materials are disposed of improperly, they can be a threat to your health and to the environment, including our waterways. To help produce the threat, use environmentally friendly products to replace the toxic ones. Alternative products can be made by using simple ingredients found in most stores. Some of the basic ingredients you will need include: baking soda, water, vinegar, borax, lemon juice, salt, a pump spray bottle and little elbow grease.

Start with a few recipes and discover the alternatives that work best for you. Remember, some of the alternatives work more slowly and require more scrubbing than their commercial counterparts, but they are safer for your family and the environment. Non-toxic alternatives are also less expensive and require less storage space.

Easy Recipes for General Cleaning
All Purpose Cleaner
1 gallon hot water
1/2 cup washing soda
Mix well, wash surface, rinse.

Window and Glass Cleaner
1 gallon water
1/2 cup white vinegar
Apply with cloth or mist/
spray bottle; dry with clean cloth.

Wood Furniture/Floor Polish
1/2 cup white vinegar
1/2 cup vegetable oil
Mix well; rub on surface; buff
with clean, dry cloth.

Toilet Bowl Cleaner
1/2 cup borax
Drop of mint extract
Scrub bowl

Rust
Soak with lemon juice. Rub with salt. Dry in direct sunlight and wash.

Mildew: Clean with hydrogen peroxide (an environmentally-safe alternative to chlorine-based products); then scrub with a thin paste of lemon juice and borax to inhibit mildew formation.

Spot/Stain Removers: Immediately soak in cool water and sponge. Hot water can set the stain.

Grease: Rub with cloth dipped in borax or apply a paste of cornstarch and water. Let dry and brush off.

Oil Stain: Before laundering, rub white chalk into oil stain.

Ink (ballpoint): Sponge with rubbing alcohol or hair spray. Rub with soap, rinse and wash.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Tom McKitrick

Question:

60. For each of the years 2005, 2006, 2007, 2008, 2009, and the test year, and for 2010 to date, please provide all ***Documents*** that ***Identify*** all expenses and revenues incurred or received for ***AWS Services,*** how the expenses and revenues were or are to be allocated, and how such expenses and revenues were or are to be treated for regulatory purposes. Provide all ***Workpapers*** and supporting ***Documents*** used to develop this response.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, TAWC does not receive services from AWS; is not charged or allocated any expenses or revenue from AWS; and has not included any revenues or expenses from AWS in the calculation of the revenue requirement in this case.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

61. With respect to all expenses allocated to ***TAWC*** by *A **WWC, A WWSC, AWR, AWCC,*** or any other subsidiary or affiliate of any of them, please provide for 2006, 2007, 2008, 2009, the test year, the normalization period, and the attrition period and as projected for 2010 and 2011, the total dollars charged by each company, affiliate, or subsidiary, the NARUC account number to which such expenses were recorded, the allocation factor or method applied to each such expense account, and a complete description of the allocation factor or method. Provide all ***Workpapers*** and supporting ***Documents*** used to develop this response.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. To comply with this request would literally require the Company to provide copies of hundreds of thousands (if not millions) of invoices and payroll charges at an astronomical cost which the Company does not believe is necessary or reasonable in establishing the fair and reasonable rates of the Company in this case. Without waiving these objections, please see the attached file labeled TN-COC-01-Q61-ATTACHMENT that contains allocated and direct charges to AWWSC from AWWSC and other affiliates for the periods requested. Further, the TRA ordered the Company to provide a Management Audit of AWWSC, which included an audit of a statistically valid sample of the transactions supporting the costs of AWWSC charged to TAWC. The Management Audit, including the audit of AWWSC's transactions costs has

been provided as Exhibit MAM-8 to Mr. Miller's direct testimony. Finally, the Company's records are located in its office in Chattanooga, and the offices of AWWSC in Voorhees, NJ. The Company is willing to make available the millions of documents supporting these charges to the City if they choose to review them at their cost.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
Response COC-Q61 & Q62

Tennessee American
Other Affilate Direct Charges
For the 12 Month periods ending

Affilate	NARUC Account	Object	Object Account Description	December 2006	December 2007	December 2008	December 2009	March 2010	March 2011	December 2011
AWE	B6183	518001	Chemicals WT Carbon Lease	-	75,754	185,498	55,969	18,692	Capitalized	Capitalized
AWCC	B6758	575261	Credit Line Fees Inside	35,026	40,542	26,872	23,548	24,632		
AWCC	B4273	810210	Interest LTD-TFB Inside	(1,534)	-	-	-	-		
AWCC	B4273	810400	Interest LTD-Inside	1,252,870	2,031,992	2,103,846	2,079,922	2,222,153		
AWCC	B4272	830100	Interest STD Inside	821,438	586,142	409,495	105,304	70,425		

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
Response COC-Q61 & Q62

Tennessee American Service Company Costs
Excluding Capital Costs
For the 12 Months Ended December 2006

			December 2006		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6018	501200	Labor	358,452	1,280,945	1,639,398
B6018	501203	Labor Internal Recharge		14,976	14,976
B6018	501205	Labor Expatriots		5,025	5,025
B6018	501711	Incentive Plan-Off-Annual		126,677	126,677
B6018	501712	Incentive Plan-Off-Long Term		54,762	54,762
B6018	501715	Retention/Completion		70,777	70,777
B6048	504100	Group Ins Maintenance		3,226	3,226
B6048	504500	Other Welfare Maintenance		63,385	63,385
B6048	504610	Employee Awards		2,983	2,983
B6048	504620	Employee Physical Exam		279	279
B6048	504660	Tuition Aid		7,431	7,431
B6048	504670	Training		18,692	18,692
B6048	505100	PBOP		925	925
B6048	506100	Pension	619,936	3,241	623,177
B6048	507100	401k	22	1,533	1,555
B6048	508100	Employee Investment Plan		28	28
B6048	508101	Defined Contribution Plan	246	4,330	4,576
B6151	515100	Purchased Power		0	0
B6208	520100	Materials & Supplies Operations		940	940
B6318	531000	Contract Services-Engineering		1,135	1,135
B6328	532000	Contract Services-Accounting	1,271	16,581	17,852
B6338	533000	Contract Services-Legal		15,921	15,921
B6338	533001	Contract Services-Litigation		127	127
N/A	534998	Benefit Overhead		604,497	604,497
N/A	534999	General Overhead		644,299	644,299
B6358	535000	Contract Services-Other	36,048	530,739	566,787
B6358	535001	Contract Services-Temp Employee	10,332	86,295	96,627
B6358	535002	Contract Services-STEP Backfill		322	322
B6358	536000	Contract Services-Lab Testing		269	269
B6418	541000	Rents-Real Property	7,669	42,145	49,815
B6428	541400	Rents-Equipment		1,975	1,975
B6508	550000	Transportation IT-Admin	2,356	6,428	8,783
B6508	550001	Transportation Lease Cost		(1,153)	(1,153)
B6508	550002	Transportation Lease Fuel		(751)	(751)
B6508	550003	Transportation Lease Maintenance		(92)	(92)
B6707	570100	Uncollectible Accounts		11,822	11,822
B6758	575000	Miscellaneous	543	(21,551)	(21,009)

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
Response COC-Q61 & Q62

Tennessee American Service Company Costs
Excluding Capital Costs
For the 12 Months Ended December 2006

			December 2006		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6758	575002	Misc General Office		5,364	5,364
B6608	575030	Advertising		5,959	5,959
B6758	575100	Bank Service Charges		109	109
B6758	575130	Brochures and Handouts		971	971
B6758	575140	Charitable Contributions Deduct		5,136	5,136
B6758	575141	Charitable Contributions Nondeductible		256	256
B6758	575220	Community Relations		219	219
B6758	575240	Co Dues/Membership Deduct		1,034	1,034
B6758	575241	Co Dues/Membership Nondeductible		13	13
B6758	575242	Co Dues Deduct AWWA		103	103
B6758	575245	Co Dues Nondeductible NAWC		4	4
B6758	575250	Condemnation Costs		535	535
B6758	575276	Discounts Lost		3	3
B6758	575280	Dues/Membership Deductible		4,996	4,996
B6758	575281	Dues/Membership Nondeductible		32	32
B6758	575320	Electricity		4,760	4,760
B6758	575340	Employee Expense P/R JE	17,212	61,882	79,093
B6758	575342	Employee Exp Conf/Registration		3,684	3,684
B6758	575350	Meals Deduct	2,565	6,393	8,958
B6758	575351	Meals Non Deduct	2,565	6,443	9,008
B6758	575420	Forms		101	101
B6758	575460	Grounds Keeping		103	103
B6758	575480	Heat - Oil/Gas		346	346
B6758	575500	Janitorial		828	828
B6758	575620	Office & Admin Supplies	118	28,767	28,885
B6758	575625	Overnight Shipping		21	21
B6758	575640	Penalties Nondeductible		1,837	1,837
B6758	575660	Postage	2,422	483	2,905
B6758	575670	Relocation Expenses		14,037	14,037
B6758	575680	Research & Development Exp		87	87
B6758	575710	Security Service		296	296
B6758	575715	Software Licenses & Support		49,935	49,935
B6758	575740	Telephone		16,406	16,406
B6758	575741	Cell Phone		9,785	9,785
B6758	575742	Data Lines		24,482	24,482
B6758	575743	Wireless Service 1st		1	1
B6751	575775	Trade Shows		7,370	7,370

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
Response COC-Q61 & Q62

Tennessee American Service Company Costs
Excluding Capital Costs
For the 12 Months Ended December 2006

			December 2006		
NARUC Account	**Object**	**Object Account Description**	**Direct Charge**	**Allocated**	**Grand Total**
B6758	575780	Trash Removal		144	144
B6751	575998	PCard Undistributed	537	4,568	5,105
B6758	675000	Misc Maintenance	2,205	38,632	40,837
B6758	675250	Comp Equip Hardware		7,014	7,014
B6758	675350	HVAC Equipment		467	467
B6758	675450	Office Equipment		139	139
B40812	685320	FUTA		0	0
B40812	685325	FICA		686	686
B40812	685350	SUTA		(18)	(18)
B40813	685430	Other Taxes and Licenses	20	18,268	18,288
B426	760200	Other Income Deductions		(0)	(0)
B426	760500	Non-Op Employee Exp Deduct		4	4
B4273	810400	Interest LTD-Inside		2	2
B4275	840000	Other Interest Expense		(11)	(11)
	Grand Total		**1,064,518**	**3,931,839**	**4,996,357**

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
Response COC-Q61 & Q62

Tennessee American Service Company Costs
Excluding Capital Costs
For the 12 Months Ended December 2007

			December 2007		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6018	501200	Labor	391,588	1,374,484	1,766,072
B6018	501203	Labor Internal Recharge		1,307	1,307
B6018	501205	Labor Expatriots		3,041	3,041
B6018	501711	Incentive Plan-Off-Annual	25,709	80,907	106,615
B6018	501712	Incentive Plan-Off-Long Term		54,010	54,010
B6018	501715	Retention/Completion		31,405	31,405
B6048	504100	Group Ins Maintenance		208	208
B6048	504500	Other Welfare Maintenance	55	16,422	16,477
B6048	504610	Employee Awards	174	8,824	8,998
B6048	504620	Employee Physical Exam	22	61	82
B6048	504660	Tuition Aid		9,572	9,572
B6048	504670	Training	399	11,081	11,480
B6048	505100	PBOP		88	88
B6048	506100	Pension		311	311
B6048	507100	401k	1,457	5,968	7,425
B6048	508101	Defined Contribution Plan	2,479	13,540	16,019
B6151	515100	Purchased Power		-	-
B6208	520100	Materials & Supplies Operations	22	357	379
B6318	531000	Contract Services-Engineering		10,968	10,968
B6328	532000	Contract Services-Accounting	(1,271)	15,010	13,739
B6338	533000	Contract Services-Legal		10,564	10,564
B6338	533001	Contract Services-Litigation		-	-
N/A	534998	Benefit Overhead		692,471	692,471
N/A	534999	General Overhead		725,799	725,799
B6358	535000	Contract Services-Other	48,766	822,709	871,474
B6358	535001	Contract Services-Temp Employee	1,127	78,418	79,545
B6358	535002	Contract Services-STEP Backfill		0	0
B6358	536000	Contract Services-Lab Testing		117	117
B6418	541000	Rents-Real Property	7,176	18,109	25,285
B6428	541400	Rents-Equipment		1,868	1,868
B6508	550000	Transportation IT-Admin	122	5,225	5,347
B6508	550001	Transportation Lease Cost		176	176
B6508	550002	Transportation Lease Fuel		27	27
B6508	550003	Transportation Lease Maintenance		72	72
B6598	559000	Insurance Other		(74)	(74)
B6707	570100	Uncollectible Accounts		6,397	6,397
B6758	575000	Miscellaneous	8	(13,769)	(13,762)

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Excluding Capital Costs
For the 12 Months Ended December 2007

			December 2007		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6758	575002	Misc General Office		3,381	3,381
B6608	575030	Advertising	695	6,317	7,012
B6758	575100	Bank Service Charges		42	42
B6758	575130	Brochures and Handouts		2,649	2,649
B6758	575140	Charitable Contributions Deduct		4,750	4,750
B6758	575220	Community Relations		738	738
B6758	575240	Co Dues/Membership Deduct		861	861
B6758	575241	Co Dues/Membership Nondeductible		19	19
B6758	575242	Co Dues Deduct AWWA		146	146
B6758	575250	Condemnation Costs		14	14
B6758	575260	Credit Line Fees		82	82
B6758	575275	Discounts Available		3	3
B6758	575276	Discounts Lost		13	13
B6758	575280	Dues/Membership Deductible		6,615	6,615
B6758	575281	Dues/Membership Nondeductible		24	24
B6758	575320	Electricity		12,035	12,035
B6758	575340	Employee Expense P/R JE	23,929	57,505	81,434
B6758	575342	Employee Exp Conf/Registration		4,897	4,897
B6758	575350	Meals Deduct	2,525	6,235	8,761
B6758	575351	Meals Non Deduct	2,525	6,393	8,919
B6758	575420	Forms		(69)	(69)
B6758	575460	Grounds Keeping		149	149
B6758	575480	Heat - Oil/Gas		598	598
B6758	575500	Janitorial		567	567
B6758	575610	Merger Transactional Costs		-	-
B6758	575620	Office & Admin Supplies	208	26,471	26,678
B6758	575625	Overnight Shipping	65	664	729
B6758	575640	Penalties Nondeductible		(110)	(110)
B6758	575660	Postage		360	360
B6758	575670	Relocation Expenses		13,316	13,316
B6758	575680	Research & Development Exp		258	258
B6758	575710	Security Service		1,294	1,294
B6758	575715	Software Licenses & Support		17,551	17,551
B6758	575740	Telephone		10,483	10,483
B6758	575741	Cell Phone	30	9,076	9,106
B6758	575742	Data Lines	-	15,686	15,686
B6758	575743	Wireless Service 1st		12	12

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Excluding Capital Costs
For the 12 Months Ended December 2007

			December 2007		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6751	575775	Trade Shows	22	6,122	6,144
B6758	575780	Trash Removal		106	106
B6757	575820	Uniforms		2	2
B6751	575998	PCard Undistributed	663	(1,554)	(891)
B6758	575999	Purchased Card		-	-
B6208	620000	Materials & Supplies Maintenance	140	31	171
B6758	675000	Misc Maintenance	200	12,347	12,548
B6758	675250	Comp Equip Hardware		4,132	4,132
B6758	675350	HVAC Equipment		365	365
B6758	675450	Office Equipment		43	43
B40811	685200	Property Taxes		1,613	1,613
B40812	685320	FUTA		2	2
B40812	685325	FICA		1,001	1,001
B40812	685350	SUTA		(174)	(174)
B40813	685430	Other Taxes and Licenses	20	(1,747)	(1,727)
B40813	685440	Gross Receipts Tax		54	54
B419	710400	Interest Income-Outside		-	-
B4273	810301	Interest Cap Lease-AW02		-	-
B4273	810400	Interest LTD-Inside		-	-
B4272	830000	Interest on ST Debt-Outside		-	-
B4275	840000	Other Interest Expense		1,319	1,319
	Total		**508,856**	**4,218,353**	**4,727,209**
	Adjustment	Tax & Depreciation Adjustment		7,223	7,223
	Grand Total		**508,856**	**4,225,576**	**4,734,432**

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Excluding Capital Costs
For the 12 Months Ended December 2008

			December 2008		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6018	501200	Labor	390,267	1,523,737	1,914,004
B6018	501203	Labor Internal Recharge		20,817	20,817
B6018	501711	Incentive Plan-Off-Annual	43,033	135,602	178,635
B6018	501712	Incentive Plan-Off-Long Term		(3,026)	(3,026)
B6018	501715	Retention/Completion		16,014	16,014
B6018	501716	Compensation Exp-Options		13,093	13,093
B6018	501717	Compensation Exp-Restricted Stock		11,921	11,921
B6018	501718	Compensation Exp-Restricted Stock Units		4,278	4,278
B6018	501719	Compensation Exp-Notional Dividend		0	0
B6048	504100	Group Ins Maintenance		(651)	(651)
B6048	504341	Defined Contr Supp Exec Retirement Plan Exp		925	925
B6048	504342	401 K Restoration Exp		864	864
B6048	504500	Other Welfare Maintenance	-	48,595	48,595
B6048	504610	Employee Awards		7,097	7,097
B6048	504620	Employee Physical Exam		14	14
B6048	504660	Tuition Aid	159	8,805	8,964
B6048	504670	Training	693	13,891	14,584
B6048	507100	401k	4,179	13,598	17,778
B6048	508101	Defined Contribution Plan	6,882	22,221	29,103
B6048	508200	Employee Stock Purchase Plan		1,780	1,780
B6208	520100	Materials & Supplies Operations	2	356	358
B6318	531000	Contract Services-Engineering		19,613	19,613
B6328	532000	Contract Services-Accounting		17,398	17,398
B6338	533000	Contract Services-Legal		12,091	12,091
B6338	533001	Contract Services-Litigation		0	0
N/A	534998	Benefit Overhead		823,693	823,693
N/A	534999	General Overhead		1,030,049	1,030,049
B6358	535000	Contract Services-Other	62,366	450,444	512,811
B6358	535001	Contract Services-Temp Employee		68,981	68,981
B6358	536000	Contract Services-Lab Testing	960	(3,690)	(2,730)
B6418	541000	Rents-Real Property	6,747	18,608	25,355
B6428	541400	Rents-Equipment		1,245	1,245
B6508	550000	Transportation IT-Admin	319	6,113	6,432
B6508	550001	Transportation Lease Cost	4,146	738	4,884
B6508	550002	Transportation Lease Fuel	4,056	717	4,772
B6508	550003	Transportation Lease Maintenance	376	240	616
B6598	559000	Insurance Other		(130)	(130)
B6707	570100	Uncollectible Accounts		522	522
B6758	575000	Miscellaneous	718	(18,421)	(17,703)
B6758	575002	Misc General Office		3,816	3,816

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Excluding Capital Costs
For the 12 Months Ended December 2008

			December 2008		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6608	575030	Advertising		8,861	8,861
B6758	575130	Brochures and Handouts	357	1,331	1,688
B6758	575140	Charitable Contributions Deduct		3,678	3,678
B6758	575141	Charitable Contributions Nondeductible		360	360
B6758	575220	Community Relations		1,129	1,129
B6758	575240	Co Dues/Membership Deduct		971	971
B6758	575242	Co Dues Deduct AWWA		32	32
B6758	575260	Credit Line Fees		-	-
B6758	575275	Discounts Available		128	128
B6758	575280	Dues/Membership Deductible		6,346	6,346
B6758	575281	Dues/Membership Nondeductible		11	11
B6758	575320	Electricity		8,376	8,376
B6758	575340	Employee Expense P/R JE	20,573	55,815	76,388
B6758	575342	Employee Exp Conf/Registration		5,716	5,716
B6758	575350	Meals Deduct	1,809	6,198	8,007
B6758	575351	Meals Non Deduct	1,809	6,413	8,222
B6758	575420	Forms	31	165	196
B6758	575460	Grounds Keeping		121	121
B6758	575480	Heat - Oil/Gas		753	753
B6758	575490	Injuries and Damages		106	106
B6758	575500	Janitorial		538	538
B6753	575545	Lab Supplies		0	0
B6758	575620	Office & Admin Supplies	402	32,537	32,939
B6758	575625	Overnight Shipping	34	634	668
B6758	575640	Penalties Nondeductible		401	401
B6758	575660	Postage		228	228
B6758	575670	Relocation Expenses		14,407	14,407
B6758	575710	Security Service		98	98
B6758	575715	Software Licenses & Support		15,807	15,807
B6758	575740	Telephone	-	27,198	27,198
B6758	575741	Cell Phone		10,415	10,415
B6758	575742	Data Lines		583	583
B6758	575743	Wireless Service 1st		149	149
B6751	575775	Trade Shows		4,908	4,908
B6758	575780	Trash Removal		109	109
B6751	575998	PCard Undistributed	591	4,244	4,835
B6208	620000	Materials & Supplies Maintenance	7	241	248
B6758	675000	Misc Maintenance		11,078	11,078
B6758	675250	Comp Equip Hardware		1,194	1,194
B6758	675350	HVAC Equipment		466	466

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Excluding Capital Costs
For the 12 Months Ended December 2008

			December 2008		
NARUC Account	**Object**	**Object Account Description**	**Direct Charge**	**Allocated**	**Grand Total**
B6758	675450	Office Equipment		168	168
B40811	685200	Property Taxes		0	0
B40812	685320	FUTA		6	6
B40812	685325	FICA		6,388	6,388
B40812	685350	SUTA		(271)	(271)
B40813	685430	Other Taxes and Licenses		518	518
B426	722306	Gains Other Non-OR		(22,587)	(22,587)
B4273	810301	Interest Cap Lease-AW02		2	2
B4275	840000	Other Interest Expense		47	47
	Grand Total		**550,515**	**4,487,974**	**5,038,489**

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			December 2009		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6018	501200	Labor	388,923	1,519,475	1,908,397
B6018	501203	Labor Internal Recharge		(20,514)	(20,514)
B6018	501210	Labor Non Scheduled Overtime		23,155	23,155
B6018	501211	Labor Overtime		40,143	40,143
B6018	501711	Incentive Plan-Off-Annual	36,124	147,954	184,078
B6018	501716	Compensation Exp-Options		0	0
B6018	501718	Compensation Exp-Restricted Stock Units		0	0
B6048	504100	Group Ins Maintenance	202	8,112	8,314
B6048	504341	Defined Contr Supp Exec Retirement Plan Exp		98	98
B6048	504342	401 K Restoration Exp		357	357
B6048	504500	Other Welfare Maintenance		27,956	27,956
B6048	504610	Employee Awards		4,256	4,256
B6048	504620	Employee Physical Exam		458	458
B6048	504660	Tuition Aid		7,581	7,581
B6048	504670	Training	650	14,642	15,292
B6048	507100	401k	8,629	27,206	35,835
B6048	508101	Defined Contribution Plan	8,369	30,390	38,759
B6048	508200	Employee Stock Purchase Plan		4,000	4,000
B6208	520100	Materials & Supplies Operations	55	13	68
B6318	531000	Contract Services-Engineering		17,997	17,997
B6328	532000	Contract Services-Accounting		4,203	4,203
B6338	533000	Contract Services-Legal		12,133	12,133
B6338	533001	Contract Services-Litigation		(0)	(0)
N/A	534998	Benefit Overhead		989,625	989,625
N/A	534999	General Overhead		1,024,494	1,024,494
B6358	535000	Contract Services-Other	32,863	230,374	263,237
B6358	535001	Contract Services-Temp Employee		26,867	26,867
B6358	536000	Contract Services-Lab Testing		(9,671)	(9,671)
B6418	541000	Rents-Real Property	3,936	17,648	21,584
B6418	541001	Rents-Real Property Intercompany	3,374	7,010	10,384
B6428	541400	Rents-Equipment		637	637
B6508	550000	Transportation IT-Admin	48	5,023	5,071
B6508	550001	Transportation Lease Cost	353	58	410
B6508	550002	Transportation Lease Fuel	459	59	518
B6508	550003	Transportation Lease Maintenance		53	53
B6598	559000	Insurance Other		1	1
B6707	570100	Uncollectible Accounts		488	488
B6758	575000	Miscellaneous	(1,917)	(4,795)	(6,712)
B6758	575002	Misc General Office		3,386	3,386
B6608	575030	Advertising		4,044	4,044

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Excluding Capital Costs
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			December 2009		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total
B6758	575100	Bank Service Charges		84	84
B6758	575130	Brochures and Handouts	(206)	271	65
B6758	575140	Charitable Contributions Deduct		2,814	2,814
B6758	575141	Charitable Contributions Nondeductible		40	40
B6758	575220	Community Relations		1,065	1,065
B6758	575240	Co Dues/Membership Deduct		1,115	1,115
B6758	575242	Co Dues Deduct AWWA		16	16
B6758	575250	Condemnation Costs		69	69
B6758	575280	Dues/Membership Deductible	217	9,879	10,097
B6758	575281	Dues/Membership Nondeductible		3	3
B6758	575320	Electricity		7,305	7,305
B6758	575340	Employee Expense P/R JE	15,995	44,051	60,046
B6758	575342	Employee Exp Conf/Registration	7	5,537	5,544
B6758	575350	Meals Deduct	1,556	5,452	7,008
B6758	575351	Meals Non Deduct	1,556	5,235	6,791
B6758	575420	Forms		321	321
B6758	575460	Grounds Keeping		143	143
B6758	575480	Heat - Oil/Gas		452	452
B6758	575500	Janitorial		436	436
B6753	575545	Lab Supplies		6	6
B6758	575610	Merger Transactional Costs		1	1
B6758	575620	Office & Admin Supplies	316	31,621	31,936
B6758	575625	Overnight Shipping	194	482	676
B6758	575640	Penalties Nondeductible		226	226
B6758	575660	Postage		103	103
B6758	575670	Relocation Expenses		20,113	20,113
B6758	575680	Research & Development Exp		9	9
B6758	575710	Security Service		255	255
B6758	575715	Software Licenses & Support		18,135	18,135
B6758	575740	Telephone		13,550	13,550
B6758	575741	Cell Phone	11	7,874	7,884
B6758	575742	Data Lines		1,351	1,351
B6758	575743	Wireless Service 1st		(23)	(23)
B6751	575775	Trade Shows		2,883	2,883
B6758	575780	Trash Removal		109	109
B6751	575998	PCard Undistributed	-	(484)	(484)
B6758	575999	Purchased Card		-	-
B6208	620000	Materials & Supplies Maintenance	559	112	671
B6758	675000	Misc Maintenance		15,532	15,532
B6758	675250	Comp Equip Hardware		1,126	1,126

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			December 2009		
NARUC Account	**Object**	**Object Account Description**	**Direct Charge**	**Allocated**	**Grand Total**
B6758	675350	HVAC Equipment		590	590
B6758	675450	Office Equipment		11	11
B40812	685320	FUTA		4	4
B40812	685325	FICA		1,247	1,247
B40812	685350	SUTA		37	37
B40813	685430	Other Taxes and Licenses		27	27
B40911	690220	SIT-Prior Year Adjustment		138	138
B426	722306	Gains Other Non-OR		13,881	13,881
B426	760100	Donations Deduct		2	2
B426	760500	Non-Op Employee Exp Deduct		8	8
B4273	810300	Interest Cap Lease-Outside		47	47
B4273	810301	Interest Cap Lease-AW02		-	-
B4275	840000	Other Interest Expense		1,237	1,237
	Grand Total		**502,272**	**4,379,410**	**4,881,682**

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Excluding Capital Costs
For the 12 Months Ending March 2010, March 2011 and December 2011

			March 2010			March 2011			December 2011		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total	Direct Charge	Allocated	Grand Total	Direct Charge	Allocated	Grand Total
B6018	501200	Labor	389,721	1,539,081	1,928,802	401,412	1,585,254	1,986,666	410,444	1,620,922	2,031,366
B6018	501210	Labor Non Scheduled Overtime	121	9,692	9,813	124	9,983	10,108	127	10,208	10,335
B6018	501211	Labor Overtime		48,315	48,315	-	49,764	49,764	-	50,884	50,884
B6018	501711	Incentive Plan-Off-Annual	37,602	176,809	214,410	38,730	182,113	220,843	39,601	186,210	225,812
B6048	504100	Group Ins Maintenance	212	10,842	11,054	218	11,168	11,386	223	11,419	11,642
B6048	504341	Defined Contr Supp Exec Retirement Plan Exp		36	36	-	37	37	-	38	38
B6048	504342	401 K Restoration Exp		20	20	-	20	20	-	21	21
B6048	504500	Other Welfare Maintenance	-	15,404	15,404	-	15,866	15,866	-	16,223	16,223
B6048	504610	Employee Awards		4,188	4,188	-	4,313	4,313	-	4,410	4,410
B6048	504620	Employee Physical Exam		500	500	-	515	515	-	527	527
B6048	504660	Tuition Aid	162	7,193	7,355	167	7,409	7,575	170	7,575	7,746
B6048	504670	Training	650	14,856	15,506	670	15,301	15,971	685	15,646	16,330
B6048	507100	401k	8,486	28,025	36,511	8,741	28,866	37,607	8,937	29,516	38,453
B6048	508101	Defined Contribution Plan	8,035	32,280	40,315	8,276	33,248	41,524	8,462	33,996	42,459
B6048	508200	Employee Stock Purchase Plan		3,607	3,607	-	3,715	3,715	-	3,799	3,799
B6208	520100	Materials & Supplies Operations	55	46	100	56	47	103	58	48	106
B6318	531000	Contract Services-Engineering		14,280	14,280	-	14,709	14,709	-	15,040	15,040
B6328	532000	Contract Services-Accounting		3,520	3,520	-	3,625	3,625	-	3,707	3,707
B6338	533000	Contract Services-Legal		11,642	11,642	-	11,991	11,991	-	12,261	12,261
B6338	533001	Contract Services-Litigation		(0)	(0)	-	(0)	(0)	-	(0)	(0)
N/A	534998	Benefit Overhead		978,505	978,505	-	1,007,860	1,007,860	-	1,030,537	1,030,537
N/A	534999	General Overhead		1,119,458	1,119,458	-	1,153,041	1,153,041	-	1,178,985	1,178,985
B6358	535000	Contract Services-Other	11,151	225,763	236,914	11,485	232,536	244,021	11,744	237,768	249,512
B6358	535001	Contract Services-Temp Employee		24,565	24,565	-	25,301	25,301	-	25,871	25,871
B6358	536000	Contract Services-Lab Testing		(10,345)	(10,345)	-	(10,656)	(10,656)	-	(10,895)	(10,895)
B6418	541000	Rents-Real Property	2,249	17,497	19,746	2,317	18,022	20,339	2,369	18,428	20,796
B6418	541001	Rents-Real Property Intercompany	5,411	11,905	17,316	5,574	12,262	17,836	5,699	12,538	18,237
B6428	541400	Rents-Equipment		690	690	-	711	711	-	727	727
B6508	550000	Transportation IT-Admin	29	3,738	3,766	30	3,850	3,879	30	3,936	3,967
B6508	550001	Transportation Lease Cost		181	181	-	186	186	-	191	191
B6508	550002	Transportation Lease Fuel	100	52	152	103	53	157	106	55	160
B6508	550003	Transportation Lease Maintenance		4	4	-	4	4	-	4	4
B6707	570100	Uncollectible Accounts		518	518	-	533	533	-	545	545
B6758	575000	Miscellaneous	(2,401)	(5,652)	(8,053)	(2,473)	(5,821)	(8,295)	(2,529)	(5,952)	(8,481)
B6758	575002	Misc General Office		3,048	3,048	-	3,140	3,140	-	3,210	3,210
B6758	575100	Bank Service Charges		84	84	-	87	87	-	88	88
B6758	575250	Condemnation Costs		69	69	-	71	71	-	72	72
B6758	575260	Credit Line Fees		1	1	-	1	1	-	1	1
B6758	575320	Electricity		7,464	7,464	-	7,688	7,688	-	7,861	7,861
B6758	575340	Employee Expense P/R JE	17,117	44,802	61,919	17,630	46,146	63,776	18,027	47,184	65,211
B6758	575342	Employee Exp Conf/Registration	640	5,398	6,038	660	5,559	6,219	674	5,685	6,359
B6758	575350	Meals Deduct	1,657	5,736	7,393	1,707	5,908	7,615	1,746	6,041	7,786
B6758	575351	Meals Non Deduct	1,658	5,518	7,176	1,707	5,684	7,391	1,746	5,812	7,557
B6758	575420	Forms		460	460	-	474	474	-	485	485
B6758	575460	Grounds Keeping		146	146	-	150	150	-	154	154
B6758	575480	Heat - Oil/Gas		443	443	-	456	456	-	466	466
B6758	575500	Janitorial		427	427	-	439	439	-	449	449
B6753	575545	Lab Supplies		4,301	4,301	-	4,430	4,430	-	4,530	4,530
B6758	575610	Merger Transactional Costs		1	1	-	1	1	-	1	1
B6758	575620	Office & Admin Supplies	679	24,923	25,602	699	25,671	26,370	715	26,249	26,963
B6758	575625	Overnight Shipping	303	827	1,129	312	852	1,163	319	871	1,189
B6758	575640	Penalties Nondeductible		(189)	(189)	-	(194)	(194)	-	(199)	(199)
B6758	575660	Postage		202	202	-	208	208	-	212	212
B6758	575670	Relocation Expenses		18,596	18,596	-	19,154	19,154	-	19,584	19,584
B6758	575680	Research & Development Exp		10	10	-	10	10	-	10	10
B6758	575710	Security Service		203	203	-	209	209	-	213	213
B6758	575715	Software Licenses & Support		18,654	18,654	-	19,213	19,213	-	19,646	19,646
B6758	575740	Telephone		12,810	12,810	-	13,194	13,194	-	13,491	13,491
B6758	575741	Cell Phone	11	7,826	7,837	11	8,061	8,072	11	8,242	8,254
B6758	575742	Data Lines		1,356	1,356	-	1,397	1,397	-	1,428	1,428
B6758	575780	Trash Removal		105	105	-	109	109	-	111	111
B6751	575998	PCard Undistributed	-	16	16	-	17	17	-	17	17
B6758	575999	Purchased Card		-	-	-	-	-	-	-	-
B6208	620000	Materials & Supplies Maintenance	566	20	586	583	20	604	596	21	617
B6758	675000	Misc Maintenance		12,202	12,202	-	12,568	12,568	-	12,850	12,850
B6758	675250	Comp Equip Hardware		560	560	-	577	577	-	590	590
B6758	675350	HVAC Equipment		595	595	-	613	613	-	627	627
B6758	675450	Office Equipment		125	125	-	129	129	-	132	132
B40812	685325	FICA		(108)	(108)	-	(111)	(111)	-	(114)	(114)
B40812	685350	SUTA		14	14	-	15	15	-	15	15
B40813	685430	Other Taxes and Licenses		36	36	-	37	37	-	38	38
B40911	690220	SIT-Prior Year Adjustment		(133)	(133)	-	(137)	(137)	-	(141)	(141)
B426	721304	(blank)		134	134	-	138	138	-	141	141
B426	722306	Gains Other Non-OR		16,957	16,957	-	17,466	17,466	-	17,859	17,859
B426	760500	Non-Op Employee Exp Deduct		8	8	-	9	9	-	9	9
B4273	810300	Interest Cap Lease-Outside		60	60	-	62	62	-	64	64
B4273	810301	Interest Cap Lease-AW02		-	-	-	-	-	-	-	-

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
Response COC-Q61 & Q62

Tennessee American Service Company Costs (Proforma Adjusted)
Excluding Capital Costs
For the 12 Months Ending March 2010, March 2011 and December 2011

			March 2010			March 2011			December 2011		
NARUC Account	Object	Object Account Description	Direct Charge	Allocated	Grand Total	Direct Charge	Allocated	Grand Total	Direct Charge	Allocated	Grand Total
B4275	840000	Other Interest Expense		(45)	(45)	-	(46)	(46)	-	(47)	(47)
	Grand Total		484,212	4,480,875	4,965,086	498,738	4,615,301	5,114,039	509,960	4,719,145	5,229,105
		Adjustments:									
		Misc P-card charges & Rounding			(2,915)			(3,003)			(3,071)
		Management Fees			4,962,171			5,111,036			5,226,034

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

62. With respect to costs directly charged to ***TAWC*** by ***AWWC, AWWSC, AWR, AWCC,*** or any other subsidiary or affiliate of any of them, please provide for the following information for 2006, 2007, 2008, 2009, the test year, the normalization period, and the attrition period and as projected for 2010 and 2011 the total dollars charged by each company, affiliate, or subsidiary, the NARUC account number to which such expenses were recorded, the allocation factor or method applied to each such expense account, and a complete description of the allocation factor or method. Provide all ***Workpapers*** and supporting ***Documents*** used to develop this response.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. To comply with this request would literally require the Company to provide copies of hundreds of thousands (if not millions) of invoices and payroll charges at an astronomical cost which the Company does not believe is necessary or reasonable in establishing the fair and reasonable rates of the Company in this case. Without waiving these objections, please see the attached file labeled TN-COC-01-Q61-ATTACHMENT that contains allocated and direct charges to AWWSC from AWWSC and other affiliates for the periods requested. Further, the TRA ordered the Company to provide a Management Audit of AWWSC, which included an audit of a statistically valid sample of the transactions supporting the costs of AWWSC charged to TAWC. The Management Audit, including the audit of AWWSC's transactions costs has been provided as Exhibit MAM-8 to Mr. Miller's direct testimony. Finally, the

Company's records are located in its office in Chattanooga, and the offices of AWWSC in Voorhees, NJ. The Company is willing to make available the millions of documents supporting these charges to the City if they choose to review them at their cost.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Lori O'Malley

Question:

63. Please ***Identify*** for each year since January 1, 2003, the number of employees by position at the National Call Centers and for each position set forth the unburdened base hourly wage or salary rate (without overheads). In the event there is more than one base hourly rate for each position, provide the average and median base hourly rates for each such position.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, please see the attached document labeled as TN-COC-01-Q63-ATTACHMENT that lists the number of employees by position at the National Call Centers and their corresponding hourly rates at year end 2005-2009. The Company replaced its accounting system in 2005 and therefore, the data for 2003-2004 is not readily available using the Company's current accounting system.

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment A

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2005
Administrative Assistant	15.326	1
	16.827	1
Administrative Assistant Total		2
Billing Group Manager	31.872	1
Billing Group Manager Total		1
Billing/Collections Supervisor	15.805	1
Billing/Collections Supervisor Total		1
Business Service Support Spec	22.079	1
	22.807	1
	30.173	1
Business Service Support Spec Total		3
Call Handling Manager	17.720	1
	35.920	1
Call Handling Manager Total		2
Call Handling Supervisor	14.847	2
	15.086	1
	17.960	1
Call Handling Supervisor Total		4
Communications Manager	26.054	1
Communications Manager Total		1
CS Associate 1	10.500	1
	10.600	28
	10.850	18
	11.100	30
	11.500	118
CS Associate 1 Total		195
CSR-1 Call Handling Rep	10.600	42
	11.177	73
	11.206	5
	11.217	2
	11.227	12
	11.247	1
	11.248	1
	11.258	1
	11.279	2
	11.393	2
	11.403	1
	11.437	1
	11.445	1
	11.977	3
	11.996	1
	12.348	1
	12.527	1
	12.867	1
	12.895	1
	13.174	2
	13.226	2
	13.266	3
	13.267	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment A

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2005
	13.308	1
	13.310	1
	13.318	3
	13.328	3
CSR-1 Call Handling Rep Total		168
CSR-1 Collections Rep.	11.977	1
	13.007	1
	13.266	1
CSR-1 Collections Rep. Total		3
CSR-2 Billing Rep	11.777	14
	11.977	9
	12.381	1
	13.266	6
	13.267	1
	13.328	3
	13.359	2
	13.457	1
	13.587	2
	13.657	1
	13.851	1
	13.979	1
	14.247	3
	14.523	1
	14.544	1
	14.575	1
	15.786	1
	15.896	1
	15.972	1
	16.010	1
	16.021	1
	16.065	1
CSR-2 Billing Rep Total		54
CSR-2 Call Handling Rep	11.777	7
	11.977	1
	13.370	1
	13.421	1
	13.431	1
	13.452	1
	13.513	1
	13.710	1
	14.247	1
	14.333	1
	14.997	2
	15.787	1
	15.817	1
CSR-2 Call Handling Rep Total		20
CSR-2 Time Critical	11.200	2
	11.258	1
	11.279	1

Tennessee American Water Company
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TN-COC-01-Q63 Attachment A

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2005
	11.427	1
	11.777	5
	11.977	1
	12.497	1
	13.827	1
	14.247	2
	15.577	1
	15.747	1
CSR-2 Time Critical Total		17
CSR-3 Billing Specialist	16.209	1
	16.663	1
	16.697	1
	17.057	1
	18.130	1
	18.680	2
	18.695	1
CSR-3 Billing Specialist Total		8
CSR-3 Call Handling Rep	14.247	5
	15.675	2
	15.737	1
	15.786	3
	15.920	2
	16.052	1
	16.065	1
	16.447	1
	16.495	1
	16.612	1
	19.183	1
CSR-3 Call Handling Rep Total		19
CSR-3 Collections Specialist	14.247	5
	15.347	1
	15.675	1
	15.677	1
	16.612	1
	18.680	2
CSR-3 Collections Specialist Total		11
CSR-3 Time Critical	16.209	1
CSR-3 Time Critical Total		1
CSR-4 Coach	14.420	1
	16.198	1
	17.182	1
	17.466	1
	17.797	2
CSR-4 Coach Total		6
CSR-4 Technical Coordinator	14.420	9
	14.430	6
	14.490	2
	14.770	4
	16.840	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment A

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2005
CSR-4 Technical Coordinator Total		22
Customer Service Supervisor	14.368	1
	17.720	1
	21.456	1
Customer Service Supervisor Total		3
Dialer Administrator	21.025	1
Dialer Administrator Total		1
Director Customer Service Ctr	52.682	1
Director Customer Service Ctr Total		1
Financial Analyst	20.977	1
	27.059	1
Financial Analyst Total		2
General Service Clerk	10.600	1
	11.926	1
General Service Clerk Total		2
Group Supervisor-Billing	22.198	1
	27.601	1
Group Supervisor-Billing Total		2
Group Supervisor-Call Handling	21.312	1
	21.630	1
	24.880	1
Group Supervisor-Call Handling Total		3
HR Assistant	15.380	1
HR Assistant Total		1
Human Resources Generalist	23.946	1
	25.623	1
	27.586	1
Human Resources Generalist Total		3
Human Resources Manager	38.594	1
	45.498	1
Human Resources Manager Total		2
Liaison (Alton)	19.181	1
	20.240	1
Liaison (Alton) Total		2
Mailroom Clerk	10.800	1
Mailroom Clerk Total		1
Maintenance Technician	13.822	1
Maintenance Technician Total		1
Manager Admin & Facilities	28.113	1
Manager Admin & Facilities Total		1
Manager of Business Services	51.461	1
Manager of Business Services Total		1
Manager-Billing (Natl)	47.893	1
Manager-Billing (Natl) Total		1
Manager-Call Handling (Natl)	33.525	1
Manager-Call Handling (Natl) Total		1
Mgr, Education, Devel & Qualit	31.130	1
Mgr, Education, Devel & Qualit Total		1
ODI Education Training Spec	16.786	1

Tennessee American Water Company
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TN-COC-01-Q63 Attachment A

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2005
ODI Education Training Spec Total		1
Office Manager	26.341	1
Office Manager Total		1
Operations Coordinator	16.762	1
Operations Coordinator Total		1
Operations Manager	38.314	1
Operations Manager Total		1
Operatns&Performnce Spec-Reptg	17.681	1
Operatns&Performnce Spec-Reptg Total		1
Performance Specialist	19.660	1
	19.708	1
	19.756	2
	20.632	1
	21.073	1
	27.730	1
Performance Specialist Total		7
Project Manager-SAP Financial	19.157	1
Project Manager-SAP Financial Total		1
Quality Assurance Analyst	14.368	1
	14.420	1
	14.607	2
	15.565	1
Quality Assurance Analyst Total		5
Receptionist	9.850	1
	13.020	1
Receptionist Total		2
Secretary	13.680	1
	14.960	1
Secretary Total		2
Specialist Education & Dev	21.552	2
Specialist Education & Dev Total		2
Sr Business Services Sup Spec	22.989	1
	30.436	1
Sr Business Services Sup Spec Total		2
Sr. Business Sys. Supp. Spec.	35.330	1
Sr. Business Sys. Supp. Spec. Total		1
Sr. Financial Analyst	31.130	1
	34.722	1
Sr. Financial Analyst Total		2
Sr. Mailroom Coordinator	11.920	1
Sr. Mailroom Coordinator Total		1
Sr. Specialist Educ & Develop	22.869	1
	23.190	1
	23.803	1
	24.665	1
Sr. Specialist Educ & Develop Total		4
Team Coach	13.975	1
	14.020	2
	14.030	2

Tennessee American Water Company
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TN-COC-01-Q63 Attachment A

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2005
Team Coach Total		5
Team Supervisor-Billing	16.787	1
	20.752	1
	21.762	1
Team Supervisor-Billing Total		3
Team Supervisor-Call Handling	14.368	1
	14.847	1
	15.805	1
	16.284	1
	16.787	6
	17.289	1
	18.513	1
	18.946	1
	19.617	2
	19.693	1
	19.803	2
	20.049	1
	20.666	2
	21.116	1
Team Supervisor-Call Handling Total		22
Team Supervisor-Collections	19.617	1
	20.675	1
Team Supervisor-Collections Total		2
Team Supervisor-Time Critical	16.762	1
Team Supervisor-Time Critical Total		1
Technical Coordinator	13.000	1
Technical Coordinator Total		1
Traffic & Scheduling Analyst	14.847	1
	19.602	1
	19.804	1
	21.648	1
Traffic & Scheduling Analyst Total		4
Trainer	22.510	1
Trainer Total		1
VP Business Services	64.655	1
VP Business Services Total		1
Water Quality Specialist	24.186	1
Water Quality Specialist Total		1
Grand Total		642

Tennessee American Water Company
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TN-COC-01-Q63 Attachment B

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2006
Admin Asst (N)	13.943	1
	14.087	1
	14.227	1
	18.966	1
Admin Asst (N) Total		4
Analyst Business	29.447	1
Analyst Business Total		1
Analyst Financial	21.899	1
Analyst Financial Total		1
Analyst QA	15.625	1
	15.769	4
	18.990	1
Analyst QA Total		6
Analyst Traffic & Scheduling	17.548	2
	17.596	1
	17.813	1
	19.615	1
	20.567	1
	22.716	1
Analyst Traffic & Scheduling Total		7
Clerk General Service (N)	11.530	1
	12.140	1
Clerk General Service (N) Total		2
Collection Liaison	20.913	1
Collection Liaison Total		1
CSR-1 Call Handling Rep	10.600	60
	10.850	14
	11.100	38
	11.177	33
	11.500	31
	11.754	49
	11.794	1
	11.804	8
	11.835	1
	11.856	1
	11.900	111
	12.022	1
	12.150	1
CSR-1 Call Handling Rep Total		349
CSR-1 Collections Rep.	13.226	1
	13.507	1
	14.247	1
	14.420	1
CSR-1 Collections Rep. Total		4
CSR-2 Billing Rep	11.427	1
	12.004	1
	12.033	1
	12.354	1
	12.554	1

Tennessee American Water Company
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TN-COC-01-Q63 Attachment B

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2006
	12.604	7
	12.804	2
	13.104	1
	13.751	1
	13.843	3
	13.998	1
	14.094	1
	14.287	1
	14.414	1
	14.824	1
	14.928	1
	14.997	1
	15.350	1
	15.402	1
	15.737	1
	16.495	1
	16.502	1
	16.612	1
	16.613	1
	19.183	1
CSR-2 Billing Rep Total		34
CSR-2 Call Handling Rep	12.004	3
	12.054	3
	12.106	1
	12.160	4
	12.354	4
	12.410	3
	12.554	1
	13.444	1
	13.843	1
	13.895	1
	13.905	2
	14.420	1
CSR-2 Call Handling Rep Total		25
CSR-2 Collections Rep	14.093	1
CSR-2 Collections Rep Total		1
CSR-3 Billing Specialist	12.854	1
	13.077	2
	13.904	10
	14.093	1
	14.155	1
	14.186	2
	14.197	1
	14.284	1
	14.343	1
	14.414	1
	14.484	1
	14.806	1
	15.074	3

Tennessee American Water Company
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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2006
	15.997	1
	16.723	1
	16.799	1
	16.837	1
	16.892	1
	17.036	1
	17.490	1
	17.524	1
	17.884	1
	18.680	2
	18.957	1
CSR-3 Billing Specialist Total		38
CSR-3 Call Handling Rep	12.500	2
	12.940	3
	13.077	12
	13.327	2
	14.279	1
	14.590	1
	14.824	3
	14.910	1
	15.074	1
	16.252	1
	16.363	2
	16.497	2
	16.614	1
	16.642	1
	16.644	1
	17.024	1
CSR-3 Call Handling Rep Total		35
CSR-3 Collections Specialist	13.077	3
	14.155	1
	14.258	1
	14.395	2
	15.074	4
	15.347	1
	16.502	1
	16.754	1
	18.680	1
CSR-3 Collections Specialist Total		15
CSR-3 Time Critical	12.500	2
	13.077	13
	14.057	1
	14.137	2
	14.657	1
	15.077	1
	15.621	1
CSR-3 Time Critical Total		21
CSR-4 Coach	14.920	3
	15.574	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment B

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2006
	16.775	1
	17.759	1
	18.043	1
CSR-4 Coach Total		7
CSR-4 Technical Coordinator	14.420	2
	14.997	10
	15.007	1
	15.247	6
	15.317	1
	15.347	1
	15.584	1
	15.924	3
	16.404	1
	16.863	1
	17.129	1
	17.287	1
	17.689	1
	17.994	1
	19.507	1
	19.522	1
CSR-4 Technical Coordinator Total		33
Dir Customer Service Ctr	54.471	1
Dir Customer Service Ctr Total		1
HR Generalist	26.755	1
HR Generalist Total		1
Intmd Financial Analyst	28.245	1
Intmd Financial Analyst Total		1
Mail Clerk (N)	11.923	1
Mail Clerk (N) Total		1
Maint Tech (N)	14.375	1
	15.000	1
Maint Tech (N) Total		2
Mgr Billing & Collections	34.087	1
Mgr Billing & Collections Total		1
Mgr Building Services	22.909	1
	29.207	1
Mgr Building Services Total		2
Mgr Business Services	53.101	1
Mgr Business Services Total		1
Mgr Call Handling	33.654	1
	36.058	2
Mgr Call Handling Total		3
Mgr Collections	33.039	1
Mgr Collections Total		1
Mgr CSC Communications	27.692	1
Mgr CSC Communications Total		1
Mgr CSC Opns & Performance	40.192	1
Mgr CSC Opns & Performance Total		1
Mgr Educ Dev & Quality	32.500	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2006
Mgr Educ Dev & Quality Total		1
Mgr Operations & Performance	34.856	1
Mgr Operations & Performance Total		1
Mgr Process	31.202	1
Mgr Process Total		1
Office Manager	26.995	1
Office Manager Total		1
Receptionist (N)	11.300	1
	12.717	1
Receptionist (N) Total		2
Spec Bill/Pymt Collection (N)	22.115	1
Spec Bill/Pymt Collection (N) Total		1
Specialist Business Svcs	20.433	1
	23.808	1
	23.894	1
	23.976	1
Specialist Business Svcs Total		4
Specialist Educ & Dev	22.284	2
	23.389	1
Specialist Educ & Dev Total		3
Specialist Human Resources	17.548	1
	17.788	1
Specialist Human Resources Total		2
Specialist Opns & Perf Rptg	21.851	1
Specialist Opns & Perf Rptg Total		1
Specialist Opns & Perf Schdlng	20.673	1
Specialist Opns & Perf Schdlng Total		1
Specialist Performance	17.548	2
	20.433	1
	20.529	1
	20.817	1
	20.865	1
	21.433	1
	27.837	1
Specialist Performance Total		8
Specialist Water Quality	25.240	1
Specialist Water Quality Total		1
Sr Analyst Financial	32.668	1
Sr Analyst Financial Total		1
Sr HR Generalist	27.909	1
	30.385	1
Sr HR Generalist Total		2
Sr Specialist Business Svcs	36.716	1
	36.947	1
Sr Specialist Business Svcs Total		2
Sr Specialist Education & Dev	23.077	1
	23.750	1
	24.856	1
	25.625	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2006
Sr Specialist Education & Dev Total		4
Supvr Billing Group	22.909	1
Supvr Billing Group Total		1
Supvr Call Handling Group	22.909	1
	23.341	1
	26.466	1
Supvr Call Handling Group Total		3
Team Supvr Billing	17.308	1
	17.548	1
	17.909	1
	17.981	1
	18.389	1
	18.750	1
	20.077	1
	20.577	1
Team Supvr Billing Total		8
Team Supvr Call Handling	17.308	3
	17.320	7
	17.524	2
	17.548	3
	17.716	1
	17.813	1
	17.885	2
	17.981	1
	18.125	1
	18.149	1
	19.231	2
	20.126	1
	20.481	1
	21.154	1
	21.370	1
	21.466	1
	21.630	1
	22.404	1
Team Supvr Call Handling Total		31
Team Supvr Collections	17.308	1
	20.582	1
Team Supvr Collections Total		2
Training Asst (N)	17.308	1
	17.550	1
Training Asst (N) Total		2
VP Customer Svc	67.500	1
VP Customer Svc Total		1
Grand Total		684

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
Admin Asst (N)	14.022	1
	14.450	1
	14.847	1
	15.223	1
	16.827	1
Admin Asst (N) Total		5
Analyst Business	30.337	1
Analyst Business Total		1
Analyst QA	16.058	1
	16.250	1
	16.274	4
	17.320	1
	18.836	1
	18.990	1
	19.663	1
Analyst QA Total		10
Analyst Traffic & Scheduling	18.173	2
	18.389	1
	18.774	1
	20.048	1
	21.298	1
	21.875	1
Analyst Traffic & Scheduling Total		7
Clerk General Service (N)	11.991	1
	12.504	1
Clerk General Service (N) Total		2
Collection Liaison	21.971	1
Collection Liaison Total		1
Coordinator FRCC	18.918	1
Coordinator FRCC Total		1
CSR-1 Call Handling Rep	10.600	9
	10.945	21
	11.100	40
	11.203	1
	11.500	13
	11.540	11
	11.750	8
	11.798	3
	11.900	36
	12.136	17
	12.177	1
	12.188	2
	12.320	53
	12.394	2
	12.413	1
	12.500	5
	12.570	2
CSR-1 Call Handling Rep Total		225
CSR-1 Collections Rep.	11.540	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
	11.798	1
	12.756	1
	13.324	1
	13.476	1
	13.757	1
	14.514	1
	15.497	1
CSR-1 Collections Rep. Total		8
CSR-2 Billing Rep	14.882	1
CSR-2 Billing Rep Total		1
CSR-2 Call Handling Rep	11.564	1
	11.798	6
	12.161	1
	12.394	7
	12.446	4
	12.499	1
	12.500	2
	12.570	1
	12.580	3
	12.756	2
	12.834	1
	12.962	1
	14.551	1
	14.615	1
CSR-2 Call Handling Rep Total		32
CSR-3 Billing Specialist	12.500	3
	12.644	1
	12.906	13
	13.014	1
	13.164	1
	13.165	1
	13.220	1
	13.272	5
	13.478	1
	13.502	2
	13.530	2
	13.760	1
	13.788	1
	14.139	1
	14.356	7
	14.456	1
	14.551	1
	14.615	1
	14.647	2
	14.658	1
	14.711	1
	14.748	1
	14.809	1
	14.810	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
	14.873	1
	14.882	1
	15.001	1
	15.009	1
	15.064	1
	15.067	1
	15.133	1
	15.213	1
	15.545	1
	15.564	1
	15.653	1
	15.671	1
	15.743	1
	15.815	1
	16.001	4
	16.011	1
	16.107	1
	16.129	1
	16.507	1
	17.296	1
	17.345	1
	17.384	1
	17.410	1
	17.441	2
	17.525	1
	17.557	1
	17.590	1
	18.094	1
	18.465	1
	18.680	2
	18.957	1
	19.433	1
CSR-3 Billing Specialist Total		88
CSR-3 Call Handling Rep	12.500	43
	12.570	9
	12.820	2
	12.830	8
	12.840	1
	12.906	6
	13.080	1
	13.090	3
	13.164	2
	13.350	3
	13.450	1
	13.502	3
	13.760	3
	13.900	3
	15.306	3
	15.564	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
	16.895	2
	17.033	2
	17.038	1
	17.154	1
	17.185	1
	17.577	1
CSR-3 Call Handling Rep Total		100
CSR-3 Collections Specialist	12.500	1
	12.644	1
	12.906	2
	13.164	1
	13.502	2
	13.760	2
	14.873	1
	14.980	1
	15.121	1
	15.226	1
	15.822	2
	16.001	1
	17.289	1
	17.411	1
CSR-3 Collections Specialist Total		18
CSR-3 Time Critical	12.500	3
	12.906	12
	13.164	1
	13.272	1
	13.502	1
	14.596	1
	15.567	1
	16.129	1
	17.296	1
CSR-3 Time Critical Total		22
CSR-4 Coach	15.440	1
	16.596	1
	18.852	1
	19.146	1
CSR-4 Coach Total		4
CSR-4 Customer Service Spec	14.889	12
	15.147	1
CSR-4 Customer Service Spec Total		13
CSR-4 Technical Coordinator	14.889	4
	15.147	2
	15.484	2
	15.743	3
	16.001	3
	16.072	1
	16.349	1
	16.362	2
	16.442	3

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
	16.937	1
	17.033	1
	17.411	1
	17.849	1
	18.264	1
	19.522	1
CSR-4 Technical Coordinator Total		27
HR Generalist	23.558	1
	27.837	1
HR Generalist Total		2
Intmd Financial Analyst	25.962	1
Intmd Financial Analyst Total		1
Mail Clerk (N)	12.579	1
Mail Clerk (N) Total		1
Maint Tech (N)	14.842	1
	15.525	1
Maint Tech (N) Total		2
Mgr Billing & Collections	36.635	1
Mgr Billing & Collections Total		1
Mgr Building Services	24.159	1
	30.072	1
Mgr Building Services Total		2
Mgr Business Services	54.567	1
Mgr Business Services Total		1
Mgr Call Handling	35.096	1
	37.139	1
	37.885	1
Mgr Call Handling Total		3
Mgr Collections	34.447	1
Mgr Collections Total		1
Mgr CSC Communications	28.582	1
Mgr CSC Communications Total		1
Mgr CSC Opns & Performance	41.611	1
Mgr CSC Opns & Performance Total		1
Mgr Educ Dev & Quality	30.769	1
Mgr Educ Dev & Quality Total		1
Mgr O&M	61.827	1
Mgr O&M Total		1
Mgr Operations & Performance	36.538	1
Mgr Operations & Performance Total		1
Mgr Process	32.909	1
Mgr Process Total		1
Office Manager	28.534	1
Office Manager Total		1
Receptionist (N)	11.300	1
	12.224	1
Receptionist (N) Total		2
Specialist Business Svcs	20.433	1
	20.577	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
	24.784	1
	24.928	1
Specialist Business Svcs Total		4
Specialist Educ & Dev	19.231	1
	23.462	2
	24.087	1
Specialist Educ & Dev Total		4
Specialist Human Resources	18.365	1
	18.534	1
Specialist Human Resources Total		2
Specialist Opns & Perf Rptg	22.572	1
Specialist Opns & Perf Rptg Total		1
Specialist Performance	17.319	1
	17.813	9
	18.438	1
	19.952	1
	20.192	1
	21.106	1
	21.250	1
	21.707	1
	22.067	1
	22.837	1
	28.125	1
Specialist Performance Total		19
Specialist Water Quality	26.130	1
Specialist Water Quality Total		1
Sr Analyst Financial	32.933	1
	33.966	1
Sr Analyst Financial Total		2
Sr HR Generalist	29.351	1
	32.067	1
Sr HR Generalist Total		2
Sr Specialist Business Svcs	37.692	1
	38.005	1
Sr Specialist Business Svcs Total		2
Sr Specialist Education & Dev	25.721	1
	26.514	1
Sr Specialist Education & Dev Total		2
Supvr Billing Group	25.000	1
	28.606	1
Supvr Billing Group Total		2
Supvr Call Handling Group	24.303	2
	27.933	1
Supvr Call Handling Group Total		3
Team Supvr Billing	17.812	1
	17.909	1
	18.870	2
	19.495	1
	20.505	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2007
	21.202	1
	21.707	1
Team Supvr Billing Total		8
Team Supvr Call Handling	17.813	10
	18.173	1
	18.438	2
	18.462	3
	18.486	1
	18.582	1
	18.702	1
	18.774	1
	18.822	3
	18.870	1
	18.966	1
	19.038	1
	19.231	3
	21.034	1
	21.995	1
	22.236	1
	22.332	1
	22.500	1
	23.750	1
Team Supvr Call Handling Total		35
Team Supvr Collections	19.877	1
	21.346	1
Team Supvr Collections Total		2
Training Asst (N)	17.308	1
Training Asst (N) Total		1
VP Customer Svc	70.192	1
VP Customer Svc Total		1
Grand Total		679

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
Admin Asst (N)	14.884	1
	15.337	1
	16.030	1
	16.827	1
Admin Asst (N) Total		4
Analyst QA (N)	16.713	3
	16.795	1
	17.500	1
	17.597	1
	18.990	1
	19.230	1
	20.745	1
Analyst QA (N) Total		9
Analyst Traffic & Scheduling	18.863	1
	18.917	1
	19.033	1
	19.393	1
	19.394	1
	20.842	1
	22.256	1
	22.641	1
Analyst Traffic & Scheduling Total		8
Clerk General Service (N)	12.942	1
	13.750	1
Clerk General Service (N) Total		2
Collection Liaison	22.696	1
	25.900	1
Collection Liaison Total		2
CSR-1 Call Handling Rep	11.100	51
	11.260	17
	11.500	23
	11.510	12
	11.900	18
	12.010	30
	12.160	5
	12.320	22
	12.750	40
	12.940	5
	13.010	2
CSR-1 Call Handling Rep Total		225
CSR-2 Billing Specialist	13.620	28
	13.726	1
	13.760	1
	14.139	1
	14.551	1
	14.658	1
	14.711	1
	14.873	1
	14.889	3

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Number of Employees:		As of
Job Title	**Hrly Rate**	**12/31/2008**
	15.001	1
	15.009	1
	15.064	1
	15.133	1
	15.564	1
	15.653	1
	15.743	1
	16.001	5
	16.011	1
	16.507	1
	17.145	1
	17.410	1
	17.441	1
	17.557	1
CSR-2 Billing Specialist Total		56
CSR-2 Call Handling Rep	12.940	2
	13.010	1
	13.020	3
	13.620	16
CSR-2 Call Handling Rep Total		22
CSR-2 Collections Rep	13.620	3
	14.514	1
	14.889	1
	15.497	1
CSR-2 Collections Rep Total		6
CSR-3 Billing Specialist	15.380	26
	15.545	1
	15.671	1
	15.815	1
	16.107	1
	16.129	1
	17.384	1
	17.441	1
	17.525	1
	17.590	1
	18.094	1
	18.465	1
	18.680	1
CSR-3 Billing Specialist Total		38
CSR-3 Call Handling Rep	12.500	29
	12.750	1
	12.940	16
	13.010	6
	13.190	3
	13.260	1
	13.270	1
	13.280	7
	13.290	1
	13.550	2

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
	13.820	2
	13.920	1
	14.390	1
	15.380	46
	16.895	1
	17.033	2
	17.038	1
	17.154	1
	17.185	1
	17.577	1
CSR-3 Call Handling Rep Total		124
CSR-3 Collections Rep	15.380	13
	15.822	2
	16.001	1
	17.289	1
	17.296	1
	17.411	1
CSR-3 Collections Rep Total		19
CSR-3 Time Critical Rep	15.380	18
	15.567	1
	16.129	1
	17.296	1
CSR-3 Time Critical Rep Total		21
CSR-4 Customer Service Spec	17.150	22
	18.852	1
	19.146	1
CSR-4 Customer Service Spec Total		24
CSR-4 Technical Coordinator	14.420	7
	16.230	1
	17.150	1
	17.411	1
CSR-4 Technical Coordinator Total		10
CSR-4 Time Critical Tech Coord	17.150	16
	17.595	1
	17.849	1
	18.264	1
	19.207	1
CSR-4 Time Critical Tech Coord Total		20
Intmd Financial Analyst	27.000	1
Intmd Financial Analyst Total		1
Maint Tech (N)	15.332	1
	16.037	1
Maint Tech (N) Total		2
Mgr Billing & Collections	38.283	1
Mgr Billing & Collections Total		1
Mgr Building Services	24.980	1
	31.275	1
Mgr Building Services Total		2
Mgr Business Services	56.130	1

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
Mgr Business Services Total		1
Mgr Call Handling	36.360	1
	38.254	1
	39.514	1
Mgr Call Handling Total		3
Mgr Collections	35.584	1
Mgr Collections Total		1
Mgr CSC Opns & Performance	42.859	1
Mgr CSC Opns & Performance Total		1
Mgr Educ Dev & Quality	31.385	1
Mgr Educ Dev & Quality Total		1
Mgr O&M	64.300	1
Mgr O&M Total		1
Mgr Process	34.554	1
Mgr Process Total		1
Mgr Process Design ITS	81.731	1
Mgr Process Design ITS Total		1
Office Manager (N)	29.561	1
Office Manager (N) Total		1
Receptionist (N)	12.591	1
	13.019	1
Receptionist (N) Total		2
Spec Educ & Staff Dev (N)	18.905	1
	19.808	1
	20.275	1
Spec Educ & Staff Dev (N) Total		3
Specialist Business Svcs	21.555	1
	21.796	1
	29.469	1
Specialist Business Svcs Total		3
Specialist Escalation CSC (N)	16.178	1
	16.346	1
	17.067	1
	20.601	2
Specialist Escalation CSC (N) Total		5
Specialist Opns & Perf Rptg(N)	23.317	1
Specialist Opns & Perf Rptg(N) Total		1
Specialist Performance (N)	18.317	3
	18.837	1
	18.852	3
	18.905	4
	18.941	1
	18.991	1
	19.402	1
	20.550	1
	21.739	1
	21.888	1
	22.575	1
	22.729	1

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Number of Employees:		As of
Job Title	**Hrly Rate**	**12/31/2008**
	24.115	1
	29.014	1
Specialist Performance (N) Total		21
Specialist Water Quality	27.306	1
Specialist Water Quality Total		1
Sr Analyst Financial	34.250	1
	35.495	1
Sr Analyst Financial Total		2
Sr Spec Educ & Staff Dev	25.132	1
	25.376	1
	26.303	1
	27.310	1
Sr Spec Educ & Staff Dev Total		4
Sr Specialist Business Svcs	26.712	1
	32.208	1
	38.258	1
	38.955	1
Sr Specialist Business Svcs Total		4
Supvr Billing Group	26.500	1
	29.607	1
Supvr Billing Group Total		2
Supvr Business Services CSC	25.577	1
Supvr Business Services CSC Total		1
Supvr Call Handling Group	24.207	1
	25.226	2
Supvr Call Handling Group Total		3
Supvr Floor (N)	16.178	5
Supvr Floor (N) Total		5
Team Supvr Billing	18.852	1
	18.899	1
	19.483	1
	19.719	1
	21.120	1
	21.902	1
	22.792	1
Team Supvr Billing Total		7
Team Supvr Call Handling	18.317	8
	18.763	1
	18.851	1
	18.863	1
	18.869	1
	18.889	1
	18.905	1
	19.034	1
	19.058	1
	19.071	2
	19.231	3
	19.312	1
	19.405	1

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Number of Employees:		As of
Job Title	**Hrly Rate**	**12/31/2008**
	19.561	1
	19.625	1
	19.731	1
	19.915	1
	20.000	1
	20.192	1
	20.288	1
	20.842	1
	20.923	1
	21.875	1
	22.820	1
	23.347	1
	23.400	1
	24.641	1
Team Supvr Call Handling Total		37
Team Supvr Collections	20.473	1
	21.987	1
Team Supvr Collections Total		2
Training Asst (N)	15.385	1
	17.827	1
Training Asst (N) Total		2
Grand Total		712

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Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
Admin Asst (N)	16.038	1
	16.526	1
	16.631	1
	17.458	1
Admin Asst (N) Total		4
Analyst QA (N)	16.713	1
	17.257	1
	17.340	1
	17.341	1
	18.156	1
	18.257	1
	19.702	1
	19.807	1
	22.145	1
Analyst QA (N) Total		9
Analyst Traffic & Scheduling	19.475	1
	19.532	1
	19.856	1
	20.024	1
	20.897	1
	21.519	1
	23.036	1
	23.433	1
Analyst Traffic & Scheduling Total		8
Clerk General Service (N)	13.427	1
	14.162	1
Clerk General Service (N) Total		2
Collection Liaison	22.696	1
	26.807	1
Collection Liaison Total		2
CSR-1 Call Handling Rep	10.850	19
	11.100	4
	11.260	12
	11.500	4
	11.510	7
	11.845	55
	12.010	5
	12.250	29
	12.257	13
	12.525	2
	12.689	1
	12.690	16
	13.133	31
	13.328	4
	13.400	2
CSR-1 Call Handling Rep Total		204
CSR-2 Billing Specialist	13.890	25
	14.139	1
	14.873	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment E

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
	14.889	2
	15.009	1
	15.064	1
	15.133	1
	15.743	1
	16.001	5
	16.011	1
	17.145	1
	17.410	1
	17.441	1
	17.557	1
CSR-2 Billing Specialist Total		43
CSR-2 Call Handling Rep	13.328	2
	13.411	2
	13.890	19
CSR-2 Call Handling Rep Total		23
CSR-2 Collections Rep	13.890	3
	14.889	1
	15.497	1
CSR-2 Collections Rep Total		5
CSR-3 Billing Specialist	15.690	37
	15.815	1
	16.107	1
	16.129	1
	16.507	1
	17.384	1
	17.441	1
	17.525	1
	17.590	1
	18.094	1
	18.465	1
	18.680	1
CSR-3 Billing Specialist Total		48
CSR-3 Call Handling Rep	12.875	19
	13.328	13
	13.400	5
	13.586	3
	13.658	1
	13.668	1
	13.678	7
	13.689	1
	13.957	2
	14.235	2
	14.338	1
	15.690	21
	16.895	1
	17.033	2
	17.038	1
	17.154	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment E

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
	17.185	1
	17.577	1
CSR-3 Call Handling Rep Total		83
CSR-3 Collections Rep	15.690	13
	15.822	2
	16.001	1
	17.289	1
	17.296	1
	17.411	1
CSR-3 Collections Rep Total		19
CSR-3 Speciality Desk Rep	15.690	18
CSR-3 Speciality Desk Rep Total		18
CSR-3 Time Critical Rep	15.690	13
	17.296	1
CSR-3 Time Critical Rep Total		14
CSR-4 Billing Tech Coord	17.490	10
	17.595	1
	19.207	1
CSR-4 Billing Tech Coord Total		12
CSR-4 Collections Tech Coord	17.490	3
	18.264	1
CSR-4 Collections Tech Coord Total		4
CSR-4 Customer Service Spec	17.490	19
	18.852	1
	19.146	1
CSR-4 Customer Service Spec Total		21
CSR-4 Technical Coordinator	14.853	6
	16.717	1
CSR-4 Technical Coordinator Total		7
CSR-4 Time Critical Tech Coord	17.490	4
	17.849	1
CSR-4 Time Critical Tech Coord Total		5
Intmd Financial Analyst	28.013	1
Intmd Financial Analyst Total		1
Maint Tech (N)	15.907	1
	16.638	1
Maint Tech (N) Total		2
Mgr Billing & Collections	40.515	1
Mgr Billing & Collections Total		1
Mgr Building Services	25.916	1
	32.213	1
Mgr Building Services Total		2
Mgr Business Services	57.393	1
Mgr Business Services Total		1
Mgr Call Handling	37.178	1
	39.114	1
	40.501	1
Mgr Call Handling Total		3
Mgr Collections	36.651	1

Tennessee American Water Company
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TN-COC-01-Q63 Attachment E

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
Mgr Collections Total		1
Mgr Educ Dev & Quality	32.405	1
Mgr Educ Dev & Quality Total		1
Mgr O&M	65.425	1
Mgr O&M Total		1
Mgr Traffic Scheduling CSC	43.609	1
Mgr Traffic Scheduling CSC Total		1
Office Manager (N)	31.556	1
Office Manager (N) Total		1
Receptionist (N)	10.700	1
	13.032	1
Receptionist (N) Total		2
Spec Educ & Staff Dev (N)	19.614	1
	20.451	1
	20.934	1
Spec Educ & Staff Dev (N) Total		3
Specialist Business Svcs	22.255	1
Specialist Business Svcs Total		1
Specialist Business Svcs WQ	29.149	1
Specialist Business Svcs WQ Total		1
Specialist Escalation CSC (N)	17.161	1
	17.248	1
	17.707	1
	21.219	1
	21.322	1
Specialist Escalation CSC (N) Total		5
Specialist Opns & Perf Rptg(N)	24.016	1
Specialist Opns & Perf Rptg(N) Total		1
Specialist Performance (N)	18.822	2
	19.417	1
	19.449	1
	19.464	3
	19.520	3
	19.556	1
	19.614	1
	20.032	1
	21.218	1
	22.391	1
	22.653	1
	23.252	1
	23.411	1
	25.261	1
	29.667	1
Specialist Performance (N) Total		20
Sr Analyst Financial	35.449	1
	37.891	1
Sr Analyst Financial Total		2
Sr Spec Educ & Staff Dev	25.886	1
	26.138	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment E

Number of Employees:		As of
Job Title	Hrly Rate	12/31/2008
	27.223	1
	28.129	1
Sr Spec Educ & Staff Dev Total		4
Sr Specialist Business Svcs	27.246	1
	31.731	1
	33.336	1
	39.118	1
	39.831	1
Sr Specialist Business Svcs Total		5
Supvr Billing Group	30.495	1
	31.465	1
Supvr Billing Group Total		2
Supvr Business Services CSC	27.303	1
Supvr Business Services CSC Total		1
Supvr Call Handling Group	24.880	2
	25.666	1
	26.046	2
Supvr Call Handling Group Total		5
Supvr Floor (N)	17.241	2
	17.799	1
	18.422	2
Supvr Floor (N) Total		5
Team Supvr Billing	19.464	1
	19.513	1
	20.117	1
	20.360	1
	22.531	1
	22.559	1
	24.880	1
Team Supvr Billing Total		7
Team Supvr Call Handling	18.822	3
	19.188	1
	19.417	4
	19.432	1
	19.464	1
	19.483	1
	19.503	1
	19.519	1
	19.615	1
	19.652	1
	19.677	1
	19.690	2
	19.793	1
	19.856	1
	20.197	1
	20.263	1
	20.372	1
	20.562	1
	20.650	1

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q63 Attachment E

Number of Employees:		As of
Job Title	**Hrly Rate**	**12/31/2008**
	21.519	1
	22.504	1
	23.505	1
	24.048	1
	24.102	1
	25.257	1
Team Supvr Call Handling Total		31
Team Supvr Collections	21.138	1
	21.987	1
Team Supvr Collections Total		2
Training Asst (N)	15.885	1
	18.362	1
Training Asst (N) Total		2
VP Customer Svc	84.135	1
VP Customer Svc Total		1
Grand Total		646

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Jim Bozman

Question:

64. ***Identify*** and provide all ***Documents*** constituting, reporting, or referring to call center operating statistics and reports that are prepared for management of ***TAWC***, ***AWWSC***, or any other subsidiary or affiliate of ***AWWC*** relating to, referring to, or concerning the efficiency, effectiveness, or other aspects of the operations of the call centers, including, without limitation, such information for operations related to ***Non-Regulated Services*** or other activities of non-regulated operations and companies served by the call centers.

Response:

The Company objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, operational productivity and service quality at the call centers are monitored and tracked with the following reports: 1) CSC Managing Directors Report, 2) Service Level Targets Report, and 3) Call Handling Data - Skill by Month Report. These three reports are attached to this response identified as TN-COC-01-Q64-ATTACHMENT. In addition, the Management Audit attached to Mr. Miller's direct testimony as Exhibit MAM-8 has substantial discussion and findings regarding the Call Center Statistics, trends, findings and recommendation.

CSC - Alton & Pensacola
Monthly Customer Service Indicators Totals
August-10
August 1 - August 31

								MONTH		YEAR-TO-DATE	
CSC - Alton & Pensacola Monthly Customer Service Indicators Totals	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	Jul-10 Actual	Aug-10 Actual	Aug-10 Actual	Comment
Calls Offered to Queue	#	353,825	306,467	356,259	347,128	337,017	384,932	395,286	402,761	2,883,675	Centerwide - not broken out by state
% Service Level < 30 seconds	%	82.52%	89.43%	85.03%	87.72%	85.02%	86.28%	84.37%	82.77%	85.28%	Centerwide - not broken out by state
Avg Speed to Answer	m:ss	0:20	0:12	0:16	0:13	0:16	0:17	0:23	0:24	0:18	Centerwide - not broken out by state
Avg Handle Time	m:ss	5:51	5:45	5:51	5:38	5:35	5:38	5:39	5:51	5:43	Centerwide - not broken out by state
Written Correspondence Answered w/in 3 days	%	94.85%	99.53%	97.23%	99.99%	98.23%	98.51%	99.43%	99.24%	98.31%	Centerwide - not broken out by state
1st Call Effectiveness	%	92.92%	92.14%	92.32%	92.23%	92.87%	92.76%	92.77%	92.52%	92.57%	
% Customer Inquire Response within 3 day	%	94.40%	92.59%	92.77%	94.56%	92.31%	93.03%	94.76%	94.46%	93.65%	
Track & Reduce Formal (Com.) Complete	No.	458	364	472	864	656	661	614	707	4796	
Service Orders Completed as Scheduled	%	99.43%	99.54%	99.60%	99.67%	99.48%	99.46%	99.11%	99.33%	99.45%	
Shut Offs Worked as % of Issued	%	80.68%	88.46%	91.28%	89.67%	90.74%	88.68%	86.58%	89.91%	88.23%	
% Unscheduled Est. Readings	%	5.28%	13.31%	2.69%	1.25%	1.09%	1.13%	1.19%	1.30%	3.38%	Includes E & O read types
% Scheduled Est. Readings	%	7.20%	5.97%	4.99%	4.27%	5.34%	5.38%	5.78%	3.03%	5.25%	PA only
# Executive Complaints Opened	No.	32	32	22	49	41	17	30	35	258	

CSC - Alton & Pensacola
Eastern Division - Customer Service Indicators
August-10
August 1 - August 31

Indiana American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	94.24%	93.57%	93.40%	93.50%	93.68%	93.40%	93.54%	93.35%	93.57%	
% Customer Inquire Response within 3 day	%	94.36%	91.29%	91.74%	91.83%	91.98%	93.77%	94.12%	93.90%	92.93%	
Track & Reduce Formal (Com.) Complete	No.	15	9	18	18	7	9	20	24	120	
Service Orders Completed as Scheduled	%	99.63%	99.61%	99.83%	99.83%	99.61%	99.39%	98.74%	98.74%	99.40%	
Shut Offs Worked as % of Issued	%	93.58%	99.18%	99.81%	99.56%	98.89%	97.51%	90.74%	92.25%	95.81%	
% Unscheduled Est. Readings	%	4.02%	15.72%	1.02%	0.50%	0.56%	0.61%	0.74%	0.71%	2.95%	Includes E & O read types
# Executive Complaints Opened	No.	0	2	1	3	0	0	0	0	6	

Kentucky American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	94.24%	93.57%	93.81%	94.00%	94.01%	93.96%	93.82%	93.61%	93.88%	
% Customer Inquire Response within 3 day	%	95.60%	94.01%	95.02%	95.61%	94.36%	93.98%	94.46%	92.91%	94.59%	
Public Utility Commissions Complaints Received	No.	16	6	14	18	16	20	12	12	114	
Service Orders Completed as Scheduled	%	99.23%	99.73%	99.96%	99.85%	99.70%	99.29%	99.40%	99.30%	99.55%	
Shut Offs Worked as % of Issued	%	91.26%	99.11%	99.72%	99.69%	99.65%	97.27%	99.21%	97.71%	97.82%	
% Unscheduled Est. Readings	%	4.02%	17.79%	2.20%	0.80%	1.39%	1.13%	0.17%	1.18%	3.54%	Includes E & O read types
# Executive Complaints Opened	No.	1	1	1	1	1	0	0	0	5	

Maryland American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	95.36%	89.12%	92.65%	94.76%	96.72%	95.34%	94.66%	93.22%	94.19%	
% Customer Inquire Response within 3 day	%	91.11%	93.02%	92.50%	92.68%	86.84%	97.83%	98.18%	100.00%	93.96%	
Public Utility Commissions Complaints Received	No.	0	0	0	0	0	0	0	0	0	
Service Orders Completed as Scheduled	%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Shut Offs Worked as % of Issued	%	94.34%	100.00%	100.00%	98.81%	95.59%	100.00%	95.00%	100.00%	97.98%	
% Unscheduled Est. Readings	%	0.67%	32.83%	3.26%	14.41%	3.77%	0.83%	0.90%	2.11%	6.71%	Includes E & O read types
# Executive Complaints Opened	No.	0	0	0	0	0	0	0	0	0	

Long Island American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	93.43%	93.40%	92.68%	94.10%	93.15%	93.40%	93.28%	93.04%	93.30%	
% Customer Inquire Response within 3 day	%	91.50%	93.68%	94.96%	97.88%	93.31%	93.13%	98.28%	94.83%	91.96%	
Public Utility Commissions Complaints Received	No.	4	2	5	8	2	6	4	11	42	
Service Orders Completed as Scheduled	%	98.44%	99.31%	98.43%	97.41%	93.55%	98.81%	90.42%	99.28%	97.10%	
Shut Offs Worked as % of Issued	%	90.77%	91.44%	85.45%	82.60%	90.73%	80.75%	83.27%	84.99%	86.39%	
% Unscheduled Est. Readings	%	0.10%	0.10%	0.12%	0.12%	0.12%	0.11%	0.22%	0.15%	0.13%	Includes E & O read types
# Executive Complaints Opened	No.	3	0	0	0	1	0	0	0	4	

Ohio American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	92.58%	92.81%	92.36%	92.73%	92.78%	92.84%	93.19%	92.84%	92.76%	
% Customer Inquire Response within 3 day	%	94.00%	90.39%	92.40%	93.71%	87.84%	91.40%	91.39%	93.28%	91.96%	
Track & Reduce Formal (Com.) Complete	No.	37	25	17	12	27	19	20	15	172	
Service Orders Completed as Scheduled	%	99.76%	99.97%	99.80%	99.91%	99.87%	99.79%	99.31%	99.83%	99.78%	
Shut Offs Worked as % of Issued	%	96.67%	99.24%	99.50%	98.56%	99.82%	96.25%	93.50%	99.30%	97.99%	
% Unscheduled Est. Readings	%	6.82%	19.14%	1.78%	0.81%	0.77%	0.79%	1.18%	0.83%	3.98%	Includes E & O read types
# Executive Complaints Opened	No.	0	0	0	0	0	0	1	0	1	

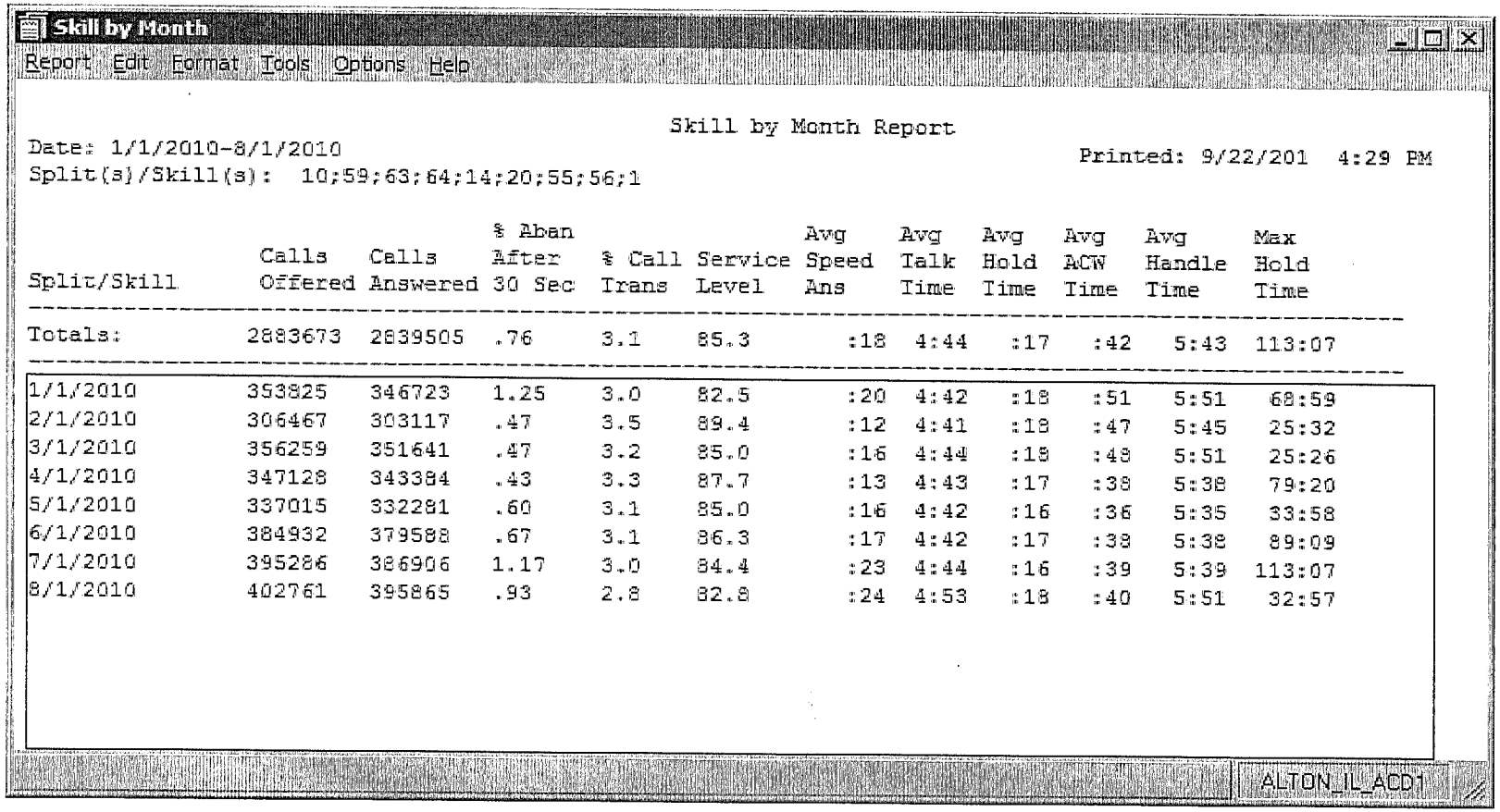
Tennessee American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	93.93%	92.66%	93.66%	93.44%	93.92%	94.09%	93.57%	93.76%	93.64%	
% Customer Inquire Response within 3 day	%	95.00%	91.88%	92.94%	92.25%	95.10%	95.22%	94.86%	95.55%	94.17%	
Public Utility Commissions Complaints Received	No.	0	1	0	0	0	2	2	0	5	
Service Orders Completed as Scheduled	%	99.30%	99.60%	99.55%	99.75%	98.75%	98.91%	97.76%	99.34%	99.12%	
Shut Offs Worked as % of Issued	%	81.91%	98.01%	98.89%	95.77%	96.59%	93.55%	92.93%	95.66%	94.45%	
% Unscheduled Est. Readings	%	0.78%	2.95%	0.46%	0.57%	0.38%	0.52%	0.45%	0.50%	0.81%	Includes E & O read types
# Executive Complaints Opened	No.	2	2	2	1	0	0	1	0	8	

Virginia American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	93.44%	93.00%	93.34%	93.22%	93.56%	93.39%	93.73%	92.62%	93.39%	
% Customer Inquire Response within 3 day	%	94.61%	92.93%	85.40%	86.66%	88.67%	91.10%	94.41%	96.64%	90.79%	
Public Utility Commissions Complaints Received	No.	0	1	2	5	4	3	0	3	18	
Service Orders Completed as Scheduled	%	99.80%	99.10%	100.00%	99.97%	99.94%	99.87%	99.77%	99.97%	99.83%	
Shut Offs Worked as % of Issued	%	95.73%	84.93%	100.00%	99.84%	96.55%	99.50%	97.78%	99.94%	96.54%	
% Unscheduled Est. Readings	%	10.18%	53.01%	5.20%	3.04%	0.47%	0.40%	0.57%	0.65%	9.00%	Includes E & O read types
# Executive Complaints Opened	No.	0	1	0	1	1	1	0	0	4	

CSC - Alton & Pensacola
Eastern Division - Customer Service Indicators
August-10
August 1 - August 31

West Virginia American Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	94.26%	92.68%	91.17%	92.80%	93.05%	92.01%	92.06%	92.01%	92.39%	
% Customer Inquire Response within 3 day	%	90.63%	88.37%	89.00%	89.56%	85.87%	89.28%	92.84%	90.34%	89.65%	
Public Utility Commissions Complaints Received	No.	57	56	66	62	47	73	72	57	490	
Service Orders Completed as Scheduled	%	98.75%	98.42%	98.84%	99.01%	98.92%	98.30%	97.84%	97.80%	98.46%	
Shut Offs Worked as % of Issued	%	82.01%	85.29%	92.51%	86.18%	90.36%	80.13%	77.59%	84.10%	84.88%	
% Unscheduled Est. Readings	%	13.85%	12.20%	4.06%	0.26%	0.35%	0.71%	0.67%	0.65%	4.06%	Includes E & O read types
# Executive Complaints Opened	No.	0	1	0	0	1	0	1	0	3	

Eastern Division Totals Eastern Division - Customer Service Indicators	Unit	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	MONTH Jul-10 Actual	MONTH Aug-10 Actual	YEAR-TO-DATE Aug-10 Actual	Comment
1st Call Effectiveness	%	94.03%	93.22%	93.28%	93.46%	93.64%	93.64%	93.51%	93.15%	92.15%	
% Customer Inquire Response within 3 day	%	93.66%	91.26%	92.11%	92.12%	90.93%	92.51%	93.99%	93.05%	92.50%	
Public Utility Commissions Complaints Received	No.	129	100	122	123	103	132	130	122	961	
Service Orders Completed as Scheduled	%	99.29%	99.37%	99.55%	99.54%	99.15%	99.12%	98.30%	98.84%	99.13%	
Shut Offs Worked as % of Issued	%	89.12%	93.19%	96.73%	94.46%	95.61%	91.67%	88.93%	91.74%	92.58%	
% Unscheduled Est. Readings	%	5.86%	13.81%	1.92%	0.60%	0.60%	0.66%	0.57%	0.70%	3.05%	Includes E & O read types
# Executive Complaints Opened	No.	18	17	4	6	4	1	3	0	31	



Skill by Month

Report Edit Format Tools Options Help

Skill by Month Report

Date: 1/1/2010-8/1/2010

Printed: 9/22/201 4:29 PM

Split(s)/Skill(s): 10;59;63;64;14;20;55;56;1

Split/Skill	Calls Offered	Calls Answered	% Aban After 30 Sec	% Call Trans	Service Level	Avg Speed Ans	Avg Talk Time	Avg Hold Time	Avg ACW Time	Avg Handle Time	Max Hold Time
Totals:	2883673	2839505	.76	3.1	85.3	:18	4:44	:17	:42	5:43	113:07
1/1/2010	353825	346723	1.25	3.0	82.5	:20	4:42	:18	:51	5:51	68:59
2/1/2010	306467	303117	.47	3.5	89.4	:12	4:41	:18	:47	5:45	25:32
3/1/2010	356259	351641	.47	3.2	85.0	:16	4:44	:18	:48	5:51	25:26
4/1/2010	347128	343384	.43	3.3	87.7	:13	4:43	:17	:38	5:38	79:20
5/1/2010	337015	332281	.60	3.1	85.0	:16	4:42	:16	:36	5:35	33:58
6/1/2010	384932	379588	.67	3.1	86.3	:17	4:42	:17	:38	5:38	89:09
7/1/2010	395286	386906	1.17	3.0	84.4	:23	4:44	:16	:39	5:39	113:07
8/1/2010	402761	395865	.93	2.8	82.8	:24	4:53	:18	:40	5:51	32:57

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AMERICAN WATER

CSC 2010 Quarterly SLT Performance — Eastern Division

Call Handling

							Total Calls Received	Calls/ Cust	Annualized Calls/ Customer	Total Calls Received	Calls/ Cust	Annualized Calls/ Customer	Total Calls Received	Calls/ Cust	Annualized Calls/ Customer	Total Calls Received	Calls/ Cust	Annualized Calls/ Customer	Annualized Calls/ Customer	
Annualized Calls/Customer	Total Calls Received at Switch /Total Customers	≤ 1.36 Calls/Customer /Year	Ensure processes & practices are appropriate to resolve customer needs.	Shared	Total Calls Received at Switch/ Active Customer Count Telephone Switch Data	Indiana	127,312	0.42	[illegible]	141530	0.45	1.82							[illegible]	Total Calls that reach the CSC switch. Does not include calls that are blocked from being received at the switch due to temporary high volume. Includes calls that are completed in the IVR and calls received but dropped before being being offered to CSRs. Data is obtained by incoming state toll free number(s). Data obtained from CMS. Total Customers are the total active customers plus customers cancelled for nonpay for which a balance exists. A customer having both water and sewer service counts as one customer. All utility types are included.
						Kentucky	74,664	0.54	[illegible]	72128	0.52	2.08							[illegible]	
						Maryland	1,180	0.23	[illegible]	1544	0.30	1.18							[illegible]	
						New York	17,366	0.23	[illegible]	16286	0.22	0.87							[illegible]	
						Ohio	27,894	0.50	[illegible]	27596	0.50	1.99							[illegible]	
						Tennessee	49,525	0.62	[illegible]	47945	0.60	2.39							[illegible]	
						Virginia	21,038	0.35	[illegible]	24044	0.40	1.61							[illegible]	
						West Virginia	99,744	0.56	[illegible]	86554	0.55	2.21							[illegible]	
						Division Total	418,723	0.47	[illegible]	429,627	0.48	1.90							[illegible]	
CSR Service Order Accuracy	% correct SO/issued Based on 5% random sample evaluation	≥90%	Ensure Customer Satisfaction and Reduction of SO Errors to State Ops	CSC	CSC Performance Reporting Team Sampling Procedures and Reporting Processes	Indiana		[illegible]			91.6%									[illegible]	
						Kentucky		90.4%			90.8%									90.6%	
						Maryland		86.0%			87.0%									87.0%	
						New York		92.5%			90.8%									91.6%	
						Ohio		[illegible]			91.7%									91.7%	
						Tennessee		90.7%			90.7%									90.7%	
						Virginia		[illegible]			88.5%									88.5%	
						West Virginia		[illegible]			89.8%									89.8%	
						Division Total		[illegible]			90.8%									90.8%	
QA Scores for CSR	QA Scores per CSR	≥80% score based on QA review	Ensure quality contacts for all External Customers	CSC	QA Department Scoring using QA process to measure both "Technical" and "Customer Care Skills" (5+ Calls per CSR per Month)	Indiana		90.0%			90.6%									90.3%	
						Kentucky		90.0%			92.2%									91.1%	
						Maryland		70.5%			92.4%									83.6%	
						New York		88.7%			89.0%									88.9%	
						Ohio		90.7%			91.4%									91.1%	
						Tennessee		88.9%			92.2%									90.5%	
						Virginia		90.1%			87.3%									88.4%	
						West Virginia		89.6%			89.5%									89.5%	
						Division Total		89.7%			90.6%									90.2%	
First Call Resolution	% of Calls handled on initial call	78%	Ensure External Customer issues being addressed on first attempt	CSC	1.System calculation: First Call Effectiveness. PCT1CEFF report in ECIS. Customer not calling back for same problem within 30 days. 2. Quarterly Service Quality Program Results on question # 57 as a customer reflected measurement.		ECIS Data		Serv Qual Report	ECIS Data		Serv Qual Report	ECIS Data		Serv Qual Report	ECIS Data		Serv Qual Report	Serv Qual Report	In Q1, 2010, 20% of the responses to this question were "Cannot recall the number of times" + "Don't know/unsure'. These responses are not included in the analysis. Formerly question #27 from ORC Service Quality Survey. How many times did you contact American Water about this request?
						Indiana	93%		[illegible]	93%		89%							[illegible]	
						Kentucky	93%		[illegible]	93%		89%							[illegible]	
						Maryland	89%		[illegible]	95%		100%							[illegible]	
						New York	91%		[illegible]	93%		87%							[illegible]	
						Ohio	91%		[illegible]	92%		80%							[illegible]	
						Tennessee	93%		[illegible]	93%		85%							[illegible]	
						Virginia	91%		[illegible]	92%		92%							[illegible]	
						West Virginia	93%		[illegible]	93%		74%							[illegible]	
						Division Total	93%		[illegible]	93%		83%							[illegible]	
CSC Results-AW Service Quality Program	CSC Overall Evaluations	≥85% (Completely Satisfied + Very Satisfied)	Ensure AW Customers value the interactions provided by the CSC.	CSC	Evaluated Quarterly by using question # 31 (How would you rate your overall satisfaction with the quality of service you received from the customer service representative from your water company?)	Indiana		86%			86%									86%	Formerly Question #71 from ORC Service Quality Survey. How would you evaluate the telephone representative on overall performance?
						Kentucky		88%			89%									88%	
						Maryland		86%			50%									73%	
						New York		52%			85%									73%	
						Ohio		91%			81%									80%	
						Tennessee		97%			83%									85%	
						Virginia		89%			86%									88%	
						West Virginia		81%			84%									82%	
						Division Total		84%			85%									85%	

Billing

							2009	2010	% Reduction	2009	2010	% Reduction	2009	2010	% Reduction	2009	2010	% Reduction	% Red	
Meters Consecutively Estimated 3 or More Times	Total of meters consecutively estimated 3 or more times	15% Reduction	SOX compliance and customer satisfaction	Divisions	Use of results from report PMTESTIMAC found in CMD path of ECIS.	Indiana	1,583		[illegible]	901		[illegible]	579		100%	304		100%	100%	
						Kentucky	99		[illegible]	18		[illegible]	24		100%	196		100%	100%	
						Maryland	6		[illegible]	1		[illegible]	2		100%	3		100%	100%	
						New York	30		[illegible]	21		[illegible]	214		100%	72		100%	100%	
						Ohio	82		[illegible]	50		[illegible]	36		100%	41		100%	100%	
						Tennessee	4		[illegible]	4		[illegible]	3		100%	5		100%	100%	
						Virginia	54		[illegible]	128		[illegible]	142		100%	69		100%	100%	
						West Virginia	188		[illegible]	42		[illegible]	17		100%	38		100%	100%	
						Division Total	2,046		[illegible]	1,165		[illegible]	1,036		100%	728		100%	100%	
Completion of BILRD service orders	Percentage of orders completed prior to expiry date	TBD TBD TBD TBD TBD TBD TBD TBD	Increased billing accuracy	Divisions	Total Number of Orders completed by expiry date divided by Total Number of Orders issued. SUMSRVORD Report in ECIS.		# Completed	# Scheduled	% Completed as Scheduled	# Completed	# Scheduled	% Completed as Scheduled	# Completed	# Scheduled	% Completed as Scheduled	# Completed	# Scheduled	% Completed as Scheduled	% Completed as Scheduled	
						Indiana	346	402	86%	402	474	85%							85%	
						Kentucky	177	195	91%	299	314	95%							94%	
						Maryland	18	20	90%	7	8	88%							89%	
						New York	26	41	63%	195	271	72%							73%	
						Ohio	328	442	74%	29	40	73%							80%	
						Tennessee	83	100	83%	112	130	86%							87%	
						Virginia	45	51	88%	289	399	72%							74%	
						West Virginia	327	439	74%	35	60	58%							60%	
						Division Total	1,350	1,690	80%	1,358	1,696	81%							80%	
Completion of MREDT service orders	Percentage of orders completed prior to expiry date	TBD TBD TBD TBD TBD TBD TBD TBD	Increased billing accuracy	Divisions	Total Number of Orders completed by expiry date divided by Total Number of Orders issued. SUMSRVORD Report in ECIS.		# Completed	# Scheduled	% Completed as Scheduled	# Completed	# Scheduled	% Completed as Scheduled	# Completed	# Scheduled	% Completed as Scheduled	# Completed	# Scheduled	% Completed as Scheduled	% Completed as Scheduled	
						Indiana	4,494	5,155	87%	4,667	5,260	89%							88%	
						Kentucky	1,756	2,045	86%	4,266	4,451	96%							93%	
						Maryland	0	0		2	3	67%							67%	
						New York	36	124	29%	372	441	84%							82%	
						Ohio	261	329	79%	735	796	92%							92%	
						Tennessee	506	539	92%	430	447	96%							96%	
						Virginia	95	99	96%	2,569	3,058	84%							85%	
						West Virginia	1,975	1,956	86%	14	42	33%							30%	
						Division Total	8,903	10,347	86%	13,055	14,496	90%							86%	
% Billing Corrections to Active Accounts	Total Bill Corrections (water service) / Total Active Accounts	Total Bill Corrections to water service not greater than 2.5% of active accounts	Increased billing accuracy and customer satisfaction.	Shared	Total # of water adjustments issued for billing error, misread, overestimate, backbilling, & stopped meter combined with number of cancel/rebills. This total will not be greater than 2.5% of the total active accounts as	Indiana		[illegible]			0.5%									0.9%	
						Kentucky		[illegible]			0.4%									0.9%	
						Maryland		[illegible]			3.8%									1.8%	
						New York		[illegible]			0.0%									0.1%	
						Ohio		[illegible]			0.9%									1.3%	
						Tennessee		[illegible]			0.3%									0.3%	
						Virginia		[illegible]			5.2%									3.1%	
						West Virginia		[illegible]			0.2%									0.3%	

AMERICAN WATER

CSC 2010 Quarterly SLT Performance

Eastern Division

| | | |

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: John Watson

Other Participating Employees: Jim Bozman

Question:

65. Please provide the number of customers for all water and wastewater operations of ***TAWC*** and other ***AWWC*** subsidiaries and affiliates, by company, for each of the years 1999 through 2009, each month of 2010 and as projected for 2010 and 2011.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, please see the attached document identified as TN-COC-01-Q65-ATTACHMENT.

TENNESSEE AMERICAN WATER COMPANY
DATA REQUEST 1-65

AMERICAN WATER WORKS SERVICE COMPANY, INC.
CUSTOMER COUNT

CO #	COMPANY NAME	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	REGULATED										
05	CALIFORNIA-AMERICAN	171,854	170,853	171,444	176,961	171,783	171,783	172,624	167,881	106,783	105,865
06	CONNECTICUT-AMERICAN									27,363	27,115
08	HAMPTON WATER WORKS									8,421	8,368
09	ILLINOIS-AMERICAN	308,476	307,734	306,740	304,072	296,439	290,409	295,934	291,614	219,645	218,937
10	INDIANA-AMERICAN	283,088	283,886	283,086	281,125	280,325	276,611	272,036	268,173	262,911	259,585
11	IOWA-AMERICAN	60,853	60,720	60,403	59,986	59,438	59,002	58,565	57,458	56,990	56,592
12	KENTUCKY-AMERICAN	119,573	118,867	117,793	116,865	112,954	110,790	107,787	105,754	103,172	99,198
13	MARYLAND-AMERICAN	4,875	4,859	4,833	4,778	4,772	4,766	4,782	4,784	4,768	4,745
14	SALISBURY WATER CO									3,071	3,034
15	MASSACHUSETTS-AMERICAN									17,249	16,918
16	MICHIGAN-AMERICAN	3,679	3,689	3,891	3,741	3,062	3,820	3,888	3,831	3,858	3,855
17	MISSOURI-AMERICAN	457,496	456,887	465,087	464,365	459,564	454,506	444,557	442,904	421,154	415,459
18	NEW JERSEY-AMERICAN	639,470	638,569	634,957	623,754	624,734	606,018	383,222	378,957	374,043	369,874
19	NEW MEXICO-AMERICAN	17,195	16,932	16,774	16,556	16,372	16,145	15,787	15,572	13,655	13,541
20	NEW YORK-AMERICAN									12,019	11,978
22	OHIO-AMERICAN	57,141	57,696	57,578	57,811	57,917	58,129	57,066	57,949	42,535	42,382
23	ARIZONA-AMERICAN	157,773	156,783	153,518	150,902	141,115	131,241	118,195	115,194	4,697	4,684
24	PENNSYLVANIA-AMERICAN	652,277	648,958	644,720	646,099	637,847	627,403	622,623	616,230	572,157	552,937
26	TENNESSEE-AMERICAN	74,475	74,774	74,540	73,701	72,660	72,013	71,059	70,372	69,790	69,886
27	VIRGINIA-AMERICAN	54,898	54,431	54,253	54,551	54,233	53,642	53,030	52,695	52,115	51,068
28	WEST VIRGINIA-AMERICAN	172,006	170,404	167,909	166,477	165,801	165,857	165,229	164,687	163,171	159,429
30	HAWAII-AMERICAN	9,904	9,901	9,273	9,256	9,212	10,393	10,241	9,855	9,905	9,881
38	LONG ISLAND-AMERICAN	73,966	73,927	73,873	73,495	73,500	73,754	74,226	73,849	73,754	73,609
42	UNITED WATER VIRGINIA	2,594	2,574	2,535	2,422	2,316	2,209	2,138	2,100	2,048	2,028
50	TEXAS-AMERICAN	5,251	5,228	5,089	5,164	5,409	5,190	5,224	-	-	-
	TOTAL	3,326,844	3,317,672	3,308,296	3,292,081	3,249,453	3,193,681	2,938,213	2,899,859	2,625,274	2,580,968
	Non-Regulated										
31	AW Products & Services Total	23,970	17,021								
54	Edison Water Company	12,246	12,238								
55	Liberty Water Company	18,116	17,957								
	Total	54,332	47,216								

TENNESSEE AMERICAN WATER COMPANY
TN-COC-01-Q65

AMERICAN WATER WORKS SERVICE COMPANY, INC.
CUSTOMER COUNT

CO #	COMPANY NAME	2010 January	February	March	April	May	June	July	August	September
	REGULATED									
05	CALIFORNIA-AMERICAN	172,007	172,106	172,131	173,227	178,749	178,852	178,880	179,625	177,144
09	ILLINOIS-AMERICAN	308,381	308,325	308,751	309,666	309,754	309,663	309,301	309,597	309,925
10	INDIANA-AMERICAN	282,896	283,334	283,917	285,687	287,101	287,645	287,685	288,189	288,161
11	IOWA-AMERICAN	60,865	60,924	60,992	61,231	61,274	61,278	61,238	61,197	61,217
12	KENTUCKY-AMERICAN	118,892	119,073	119,208	119,494	119,648	119,659	119,762	119,874	119,933
13	MARYLAND-AMERICAN	4,880	4,871	4,872	4,870	4,876	4,875	4,880	4,879	4,882
16	MICHIGAN-AMERICAN	3,640	3,628	3,627	3,631	3,658	3,734	3,795	3,843	3,872
17	MISSOURI-AMERICAN	453,671	453,466	453,632	453,730	453,491	453,411	453,146	453,285	453,096
18	NEW JERSEY-AMERICAN	644,247	644,288	644,542	645,692	646,686	647,259	647,610	647,988	648,007
19	NEW MEXICO-AMERICAN	17,209	17,208	17,269	17,306	17,341	17,370	17,373	17,376	17,361
22	OHIO-AMERICAN	57,079	57,230	57,303	57,457	57,494	57,462	57,440	57,453	57,420
23	ARIZONA-AMERICAN	158,029	158,221	158,404	158,483	158,536	158,463	158,549	158,523	158,572
24	PENNSYLVANIA-AMERICAN	652,378	653,102	653,845	654,591	654,479	654,371	654,568	655,269	655,485
26	TENNESSEE-AMERICAN	74,400	74,428	74,587	74,836	74,885	75,084	75,214	75,263	75,317
27	VIRGINIA-AMERICAN	54,917	54,926	54,973	55,083	55,121	55,147	55,199	55,211	55,266
28	WEST VIRGINIA-AMERICAN	171,857	171,859	171,985	172,267	172,254	172,409	172,491	172,664	172,813
30	HAWAII-AMERICAN	9,904	9,904	9,904	9,904	9,908	9,910	9,911	9,911	9,911
38	LONG ISLAND-AMERICAN	73,968	73,967	73,985	74,519	74,615	74,639	74,667	74,657	74,664
42	UNITED WATER VIRGINIA	2,589	2,595	2,593	2,598	2,611	2,620	2,621	2,618	2,618
50	TEXAS-AMERICAN	5,270	5,293	5,306	5,291	5,287	5,314	5,297	5,273	5,271
	TOTAL	3,327,079	3,328,748	3,331,826	3,339,563	3,347,768	3,349,165	3,349,627	3,352,695	3,350,935
	Non-Regulated									
31	AW Products & Services Total	23,970	23,970	23,970	23,970	23,970	23,970	23,970	23,970	23,970
54	Edison Water Company	12,248	12,249	12,244	12,250	12,251	12,250	12,253	12,254	12,248
55	Liberty Water Company	18,128	18,142	18,144	18,150	18,157	18,155	18,159	18,211	18,240
	Total	54,346	54,361	54,358	54,370	54,378	54,375	54,382	54,435	54,458

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Jim Bozman

Question:

66. For each of the years 2005, 2006, 2007, 2008, 2009, each month of 2010 and as projected for 2010 and 2011, please provide total ***AWWSC*** charges to each ***AWWC*** subsidiary or affiliate, whether regulated or not, that provides water or wastewater services, and each unaffiliated company that is provided services by ***AWWSC***.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, please see the attached document labeled as TN-COC-01-Q66-ATTACHMENT.

Service Company Charges

City of Chattanooga Q66 Response

Company	2010 thru Oct	2009	2008	2007	2006	2005
Regulated						
Arizona American	$11,704,022	$13,427,579	$12,681,213	$13,273,699	$13,889,999	$10,518,573
California American	$11,341,270	$13,170,887	$13,811,105	$15,413,656	$16,520,310	$13,683,913
Hawaii American	$972,316	$845,496	$997,201	$792,072	$960,805	$905,675
Illinois American	$20,965,187	$23,447,533	$22,998,894	$23,266,257	$22,662,211	$18,728,493
Indiana American	$19,239,715	$22,145,692	$21,359,174	$20,320,144	$20,224,274	$17,408,233
Iowa American	$4,110,371	$4,608,502	$4,245,999	$4,302,539	$4,244,020	$3,604,609
Kentucky American	$8,430,343	$9,047,723	$8,545,356	$8,169,607	$8,101,065	$7,108,965
Long Island Water Company	$4,429,365	$4,613,359	$4,736,822	$4,845,898	$4,885,283	$4,102,269
Maryland American	$425,779	$561,420	$486,771	$544,530	$425,941	$413,139
Michigan American	$223,950	$201,385	$217,700	$228,352	$265,888	$204,438
Missouri American	$29,300,366	$31,957,431	$32,510,289	$33,472,813	$33,817,517	$29,138,580
New Jersey American	$32,954,857	$37,079,726	$40,394,729	$40,315,781	$43,306,368	$39,183,695
New Mexico American	$1,424,179	$1,535,525	$1,514,070	$1,437,070	$1,575,620	$1,242,095
Ohio American	$3,963,870	$4,815,593	$4,483,611	$4,458,912	$4,673,550	$3,886,914
Pennsylvania American	$32,483,534	$38,835,362	$42,135,487	$43,867,261	$44,059,700	$40,262,069
Tennessee American	$4,781,763	$5,201,095	$4,964,833	$4,988,948	$5,244,675	$4,422,702
Texas American	$448,082	$447,925	$840,428	$499,133	$531,551	$361,737
Virginia American	$4,746,786	$4,856,556	$4,618,071	$3,974,337	$4,372,019	$3,591,995
United Water Virginia	$184,495	$187,371	$189,593	$156,345	$153,295	$136,864
West Virginia American	$10,604,704	$11,368,915	$11,533,024	$11,594,874	$11,938,223	$10,965,152
Non-Regulated						
American Water Capital Corp	$420,753	$464,641	$283,401	$537,972	$224,451	$83,834
American Water Enterprises	$8,400,193	$9,509,223	$9,252,222	$10,618,814	$15,498,423	$17,700,554
American Water Works Company	$3,125,402	$1,117,821	$2,613,147	$3,100,527	$5,032,597	$4,042,252
American Water Resources	$95,998	$95,751	$456,041	$2,520,320	$1,853,999	$526,196
Edison Water Company	$207,661	$364,348	$280,889	$217,533	$119,024	$956
Elizabethtown Services LLC	$25,744	$54,331	$58,797	$62,948	$46,758	$386
Liberty Water Company	$345,191	$521,063	$434,252	$351,085	$203,799	$3,199
Elizabethtown Properties	$5,697	$11,566	$2,188	$33,412	$0	$0

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

67. Provide a detailed description of each business unit of ***AWWSC***.

Response:

Please see the Schumaker Management Audit attached to Mr. Miller's direct testimony as Exhibit MAM-8 at pages 27-34 of 143 and COC-01-Q19-CONFIDENTIAL ATTACHMENTS 1, provided by the Company with specific reference to Schumaker discovery request IR3 in the work papers provided by Schumaker & Company in support of its audit in Docket No. 09-00086.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Jim Bozman

Question:

68. Provide the job descriptions for all National Service Center positions and all Local Service Center positions.

Response:

Please see the attached job descriptions labeled as TN-COC-01-Q68-ATTACHMENT.

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JOB DESCRIPTION

Job Title: Supvr FRCC			**Job Code:** 406122
	Grade: L09	**FLSA:** Exempt	**EEO:** 1.2 First/Mid Level Officials a
Salary Plan:	**Level:**		
Reports To:	**Mgr FRCC**		

Status Active **Approved:** ☑ 3/27/2006 **Revised:** ☑ 12/23/2009

Primary role: Supervises the activities of the field resource coordination center coordinators.

Key Accountabilities	Percentage of Time
Supervises the day-to-day activities of assigned direct reports to ensure key targets are met including event management, work flow processes and resource scheduling.	20
Assist in development and implementation of processes as assigned.	10
Develop and support direct reports with performance management, coaching and counseling.	20
Coordinates field communications between the defined Key Interfaces/Relations identified.	15
Ensures individual performance reports are developed and monitored to ensure maximum efficiencies are achieved. Provide data support via developing/processing queries and spreadsheets as necessary.	15
Supervises and provide advice to Field Resource Coordination Center Coordinator regarding resolution of any problems pertaining to allocation of assignments to field personnel and coordination of emergency responses.	20

Education:	Bachelor's degree in Management, Business or related field preferred. At least three years of relevant management experience in the water/wastewater field or equivalent experience required.
Skills:	Microsoft Word and Excel.□• Strong analytical skills. □• Must possess strong leadership ability and must lead by example. □• Must possess strong verbal and written communication skills in addition to keen listening skills.

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Knowledge:	Knowledge of regulated water utility, field operational or customer service processes.			
Scope: *(Minimum)*	Total Supervised: Exempt	5	Non-Exempt:	0
	Direct Budget:	$0.00	Indirect Budget:	$0.00
	Direct Revenue	$0.00	Indirect Revenue:	$0.00
Experience:	Water utility, field operational or customer service experience			
Certifications & Licenses:	Undetermined			
Work Environment:	24/7 - 365 days Office Environment			
Travel Requirements:	15%			
Key Interfaces:	• Interacts with State/Local Supervisors and Superintendents and Customer Service Center Supervisors			
Other:	24/7 - 365 days Office Environment			

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JOB DESCRIPTION			
Job Title: Analyst Premise QA (N)			**Job Code: 402442**
	Grade: L12	**FLSA: Non-Exempt**	**EEO: 5. Office and Clerical**
Salary Plan:	**Level: Not Applicable**		
Reports To:	**Supvr Regional Cust Svc**		

Status: Active	**Approved:** ☑ 4/4/2007	**Revised:** ☐

Primary Role: Responsible for executing and analyzing validation audits on revenue impacting fields on a consistent sampling of premises set up in ECIS to ensure billing is complete and accurate. Review exception (mismatch) reports that identify premises that contain potential revenue impacting errors in the premise set up and work with District Premise Champions, the Billing Department and Shared Services to correct the validated errors and ensure compliance with premise set-up process.

Key Accountabilities:	Percentage of Time:
Assess the validity and accuracy of the information supporting the billing impacting fields for a consistent sampling of new premises: - Complete and analyze daily reports for new premises set up in ECIS for each type of status (PN, IP, AP, RP, etc.) - Collect and evaluate all information and supporting documentation for new premises with active or RP status. - Utilize report information in developing recommendations for new premise processes.	40
Perform monthly reconciliations between new active premises with Tap Install and Set Meter orders: - Perform reconciliation of monthly reports for Tap Install and Set Meter orders and research any inconsistencies. - Perform reconciliation of monthly reports for new premises with active status and research any inconsistencies.	5
Manage the remediation process by communicating to the field any unusual exception from either the reconciliations performed, reports run, or data validation for immediate resolution: - Trend resolution by maintaining a log of communication sent to the field for resolution, including sent date, status, cleared date. - Review log with field on regular basis to determine any necessary steps needed for process compliance.	20
Evaluate mismatch report to monitor potential errors and partner with District Premise Champions, Shared Services and the Billing Department to take corrective actions on new premises set up in ECIS.	10

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On a monthly basis provide reporting to the Regional QA Manager full scope document of all exceptions found during the audit of billing impacting fields and errors found on any of the mismatch and reconciliation performed during the month.	5
On a monthly basis provide reporting to the Regional QA Manager with a list of open exceptions that the field has not been able to address.	5

Education:	Associate's degree or 2+ years experience in related business environment.
Skills:	Excellent analytical skills. Personal computing experience, including Microsoft Office applications, ECIS. Strong organizational, communication skills.
Knowledge:	Undetermined
Scope: (Minimum)	Total Supervised: Exempt 0 Non-Exempt: 0 Direct Budget: $0 Indirect Budget: $0 Direct Revenue: $0 Indirect Revenue: $0
Experience:	Undetermined
Certifications & Licenses:	None Required
Work Environment:	Undetermined
Travel Requirements:	25%
Key Interfaces:	District, FRCC, Shared Services and Billing Personnel
Other:	Key Accountabilities (cont.): Validate any requests to update or edit Mismatch validation tables: -This includes evaluating the evidence submitted with the change request to determine if the change has been properly substantiated. If the evidence is adequate the QA team will sign-off on the evidence and pass the request to the Regional Premise Champion so the table can be updated. If the evidence is inadequate the QA team will inform the requester and ask for additional evidence. 5% Validate customer data from acquisitions: -Prior to migrating customer account and premise data from an acquisition into ECIS, the QA team should perform due diligence on the data. This would include checks on the number of active accounts and premises, checking for invalid or missing key data elements. 10%

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Competencies (From The Water Division Competency Dictionary):

Analysis and Problem Solving - Analyzes and resolves business issues through the application of critical reasoning skills and general business experience.

Delivers Results - Delivers bottom line results through bold, decisive actions, working through risks and uncertainty to create opportunity. Continually raises standards and promotes entrepreneurial behavior.

Intercultural Sensitivity - Embracing and valuing differences in everyone. This includes the commitment to work constructively and collaboratively with all people in all aspects of our business.

Market/Customer Focus - Identifying, understanding and meeting customer expectations both internally and externally.

Sharing Knowledge & Expertise - Drives business performance by developing and contributing specific technical or professional knowledge, skills and experience. Demonstrates a professional attitude.

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JOB DESCRIPTION			
Job Title: Administrator FRCC System (N)			**Job Code: 402402**
	Grade: L11	**FLSA: Non-Exempt**	**EEO: 5. Office and Clerical**
Salary Plan:	**Level: Not Applicable**		
Reports To:	**Supvr FRCC**		
Status: Active	**Approved: ☑ 3/27/2006**		**Revised: ☑ 4/21/2008**

Primary Role: Responsible for the MDSI Advance system in the Field Resource Coordination Center (FRCC) in support of event management, resource scheduling, planning, and allocation. Responsible for filling in for either the Coordination Specialist or Superintendent during periods of absence or heavy activity.

Key Accountabilities:	Percentage of Time:
Defines and maintains skills set information for Field resources in system. Maintains equipment log, including assignments to resources and location in system. Maintains the "Emergency Log" for any emergency, confined space, lone working or high-risk work assignments. Maintains time input for Field resources from information entered into the field devices. Changes work assignments to meet the demands of the business. Provides backup support for the Field Resource Coordinator Specialist role.	20
Processes and maintains the information necessary for reporting key performance indicators for areas, types of work, equipment use and response times. Processes and analyzes reports and communicates results to key stakeholders.	20
Provides quality assurance for service orders and provides feedback to appropriate individuals. Serves as Supervisor during periods of absence. Collaborates with cross-functional supervisors to produce and manage the departmental business plans and budgets, ensuring service targets are met.	20
Supplies CSRs and non-field related personnel with technical information regarding field practices. Supports Field Resource Coordinator Specialists (internal) and regional Field Resource Specialists (external) in troubleshooting, communications, documentation, problem resolution and relationship building. Facilitates training and shares knowledge of Advantex application. Responds to requests for information.	20
Handles escalated issues at the Coordination Center and the regional operating companies. Monitors performance levels to ensure customer satisfaction and organization business deliverables. Identifies performance issues and recommends corrective action. Applies forecasting and monitoring practices to ensure effective use of resources to manage call and service order volumes. Balances and assigns work load across available resources to enhance individual performance and achieve high group productivity. Monitors pending work volume, communicates and recommends method for	20

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efficient completion.	
Assures adherence to al policies, procedures, programs, standards of performance and approved business objectives including those involving affirmative action, communications, community relations, human resources, labor relations, health and safety and security.	20

Education:	Bachelor's Degree or Customer Service related field or equivalent experience.
Skills:	Strong Microsoft Word and Excel skills (at least two [2] years). Strong analytical, planning and problem solving skills. Ability to troubleshoot detailed field operational and customer service problems. Experience with Advantex applications required. Experience with SAP and Orcom preferred. Strong verbal and written communications skills. Ability to multi-task. Ability to remain calm during times of heavy field activity. Ability to prioritize activities. Self-motivated. Flexibility to adapt to changing business needs. Positive attitude and work ethic. Strong customer relationship skills. Ability to work in a team setting. Excellent interpersonal skills.
Knowledge:	Strong knowledge of technical terms as they apply to field activities. Understanding of regulatory requirements. Understanding of safety requirements. Knowledge of customer service policies and procedures. Knowledge of field operations (customer and network) policies and procedures.
Scope: (Minimum)	Total Supervised: Exempt 0 Non-Exempt: 0 Direct Budget: $0 Indirect Budget: $0 Direct Revenue: $0 Indirect Revenue: $0
Experience:	Water utility field operational experience. Desired experience with Call Center environment (3 plus years).
Certifications & Licenses:	None Required
Work Environment:	Undetermined
Travel Requirements:	Ability to travel on demand.
Key Interfaces:	None Required

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Other:	None
Competencies (From The Water Division Competency Dictionary):	

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JOB DESCRIPTION			
Job Title: Operations Support Rep II (N)			**Job Code: 407062**
	Grade: L14	**FLSA: Non-Exempt**	**EEO: 5. Office and Clerical**
Salary Plan:	**Level: Not Applicable**		
Reports To:	**Various**		

Status: Active	**Approved: ☑ 4/22/2009**	**Revised: ☐**

Primary Role: Responsible for performing a variety of advanced administrative activities and support involving the operations of water treatment and distribution systems, field operations and/or regulatory compliance.

Key Accountabilities:	Percentage of Time:
Processes and maintains a variety of advanced accounting information including, but not limited to, payroll, accounts payable, invoices, inventory issues/receipts, purchase orders, customer payments, and bank deposits. Researches, compiles and updates information in various systems, including database, spreadsheet and word processing programs. Maintains financial and/or other business records, journals and ledgers.	30
Interacts with internal/external customers regarding various issues and provides any additional assistance. Researches and resolves difficult customer questions, concerns, difficulties, inquiries and/or problems.	30
Prepares and responds to data requests and executes work orders, service orders, error reports, set-ups, etc. in various configurations such as Powerplant, Advantex and Orcom. Compiles and reviews numerous essential reports on a daily/weekly/monthly basis.	30
Performs other duties as assigned.	10
	0
	0

Education:	High School Diploma or GED required.
Skills:	Strong oral and written communication skills. Strong organizational and customer service skills. Strong analytical skills and creative problem solving techniques with the ability to pursue timely and practical solutions. Must be detail oriented and capable of accurately computing and recording numbers as well as operating a computer keyboard with speed and accuracy.

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	Ability to work with various members of the public, including authorities, a diverse customer base, contractors, developers, as well as employees of various levels of the organizational structure within the company. Strong computer skills, including experience with the use of major word and excel programs, databases, graphics and/or CAD. Ability to perform multiple tasks in a fast-paced environment with changing priorities.
Knowledge:	Advanced knowledge of office procedures. Advanced math knowledge. Advanced knowledge of water distribution systems and water and wastewater field operations. Advanced working knowledge of computer programs. Advanced knowledge of network and maintenance related issues. Advanced knowledge of company billing guidelines and state billing regulations.
Scope: (Minimum)	Total Supervised: Exempt 0 Non-Exempt: 0 Direct Budget: $0 Indirect Budget: $0 Direct Revenue: $0 Indirect Revenue: $0
Experience:	Minimum of 2 - 5 years related clerical experience required.
Certifications & Licenses:	Valid Driver's License may be required in some instances.
Work Environment:	General office environment. In some instances must be able to lift up to 10 lbs. maximum and occasionally lift various items.
Travel Requirements:	None or minimal travel.
Key Interfaces:	Customers, Public Authorities, Contractors, Vendors, Developers, Managers, Supervisors and Employees.
Other:	None

Competencies (From The Water Division Competency Dictionary):

Analysis and Problem Solving - Analyzes and resolves business issues through the application of critical reasoning skills and general business experience.

Influencing - The ability to articulate an objective or idea in a compelling manner, so that others are persuaded to act on its merit.

Intercultural Sensitivity - Embracing and valuing differences in everyone. This includes the commitment to work constructively and collaboratively with all people in all aspects of our business.

Market/Customer Focus - Identifying, understanding and meeting customer expectations both internally

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and externally.

Organizational Awareness - The knowledge and development of formal and informal business relationships with key stakeholders, internal and external to the organization, that enable business objectives to be accomplished.

Sharing Knowledge & Expertise - Drives business performance by developing and contributing specific technical or professional knowledge, skills and experience. Demonstrates a professional attitude.

Teamworking - Is committed to working collaboratively to achieve business goals, building cohesiveness and identity with a work group, and valuing individual perspectives and contributions.

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JOB DESCRIPTION

Job Title: Coordinator FRCC			**Job Code:** 402652
	Grade: L11	**FLSA:** Exempt	**EEO:** 5. Office & Clerical
Salary Plan:	**Level:**		
Reports To:	Supvr FRCC		

Status Active **Approved:** ☑ 3/27/2006 **Revised:** ☑ 12/23/2009

Primary role: Coordinate field resources and service order related activities and provide field related event management, planning and allocation.

Key Accountabilities	Percentage of Time
Provide local operations management with information necessary to manage field resources including monitoring of all FSR productivity and service order accuracy and identify needs for additional training or potential counseling.	30
Monitor and resolve Special Handling Service Order Requests and coordinate response to Emergency Service Orders.	10
Uses independent judgment to assign and re-allocate work assignments to meet the demands of the business.	10
Assign work, resolve issues and ensure timely completion of service orders.	20
Review the automatic assignment of work from the electronic scheduling system and modify/release service orders requiring manual intervention.	15
Perform event management services including maintenance of the Alerts Database and coordination of customer notification system.	15

Education:	Associate's Degree (2-year) and/or equivalent experience in a customer service environment.
Skills:	Technical Skills:□Ability to trouble-shoot detailed field operational and customer service problems.□Demonstrate proficiency with customer service applications. □Behavioral Skills:□Strong verbal and written communication skills.□Ability to multi-task□
Knowledge:	Understanding of regulatory requirements.□Knowledge of American Water policies, practices and procedures.□Knowledge of field operations policies, practices and procedures.□Strong knowledge of technical terms as they apply to field activities.

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Scope: *(Minimum)*	Total Supervised: Exempt	0	Non-Exempt:	0
	Direct Budget:	$0.00	Indirect Budget:	$0.00
	Direct Revenue	$0.00	Indirect Revenue:	$0.00
Experience:	Experience in a customer service or operations role.□Minimum of 2 years experience with Microsoft Word and Excel.			
Certifications & Licenses:	Undetermined			
Work Environment:	24 Hour - 365 Day operation			
Travel Requirements:	As Needed			
Key Interfaces:	Local field personnel.□State and Local Leaders and Management Team Members□Customer Relations Directors□External Affairs Leaders and Management Team Members□Loss Control Leaders and Management Team Members □CSC Leaders and Management Team Members			
Other:	Key Accountabilities (cont.): □ □ Create service orders as necessary. □ Act as liaison between field personnel, field supervisors, customer service representatives,□ and emergency management personnel. □			

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JOB DESCRIPTION

Job Title: Mgr Operations Support FRCC			**Job Code:** 405622
	Grade: L08	**FLSA:** Exempt	**EEO:** 1.2 First/Mid Level Officials a
Salary Plan:	**Level:**		
Reports To:	**Dir Customer Relations**		

Status Active

Approved: ☑ 12/23/2009 **Revised:** ☐

Primary role: Responsible for managing the day-to-day operation of the State/Divisional CRS Operations Support. The Operations Support Manager is the key contact for the Customer Service Centers, Shared Service Center and State/Divisional Teams as needed for operations

Key Accountabilities	Percentage of Time
Establish departmental performance targets and ensure these targets are met.	20
Analyze business processes to ensure that regulatory targets are being met.	20
Ensure compliance with all applicable service level agreements, contracts and internal practices.	15
Manages and serves as preparer to SOX controls RRC: 2 – Regional Premise Champion-Manage and Supervise QA Analysts; RRC: 20 - Zero Usage, Consecutive Estimates, Closed with Usage.	20
Manage day-to-day state/divisional specific operational support activities assigned by the Customer Relations Director.	20
Develop and support direct reports with performance management, coaching and counseling.	20

Education:	Bachelor's degree in Management, Business or related field required. At least eight years of relevant management experience in the water/wastewater field or equivalent experience required.
Skills:	Microsoft applications and Lotus Notes. □Ability to present information and respond to inquiries from internal and external stakeholders.□Problem solving analysis/resolution, decision making, creativity, and professionalism.
Knowledge:	Leadership and team-building ability.□Strong organizational, communication, and problem resolution skills.□Ability to write reports and business correspondence.□Ability to define and analyze issues and develop and implement action plans.□Personal computing

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Scope: *(Minimum)*	Total Supervised: Exempt	5	Non-Exempt:	5
	Direct Budget:	$0.00	Indirect Budget:	$0.00
	Direct Revenue	$0.00	Indirect Revenue:	$0.00
Experience:	Undetermined			
Certifications & Licenses:	Undetermined			
Work Environment:	Undetermined			
Travel Requirements:	30%			
Key Interfaces:	Works with all levels of State/Divisional employees, Customer Service Center, Business Services Liaisons, Shared Service Center, Director of Customer Relations, FRCC Management, Information Technology and Business Change Project Managers.			
Other:	Key Accountabilities cont. □•□Sponsor and actively pursue continuous improvement projects. □•□Analyze workflow, make process improvement/enhancement suggestions, and implement and monitor improvement programs. □•□Maintain adherence to all policies, procedure			

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JOB DESCRIPTION

Job Title: Supvr Regional Support			**Job Code:** 406703
	Grade: L09	**FLSA:** Exempt	**EEO:** 1.2. First/Mid Level Officials &
Salary Plan:	**Level:**		
Reports To:	**Mgr Customer Advocacy**		

Status Active **Approved:** ☑ 12/27/2007 **Revised:** ☑ 12/27/2007

Primary role: Provides day-to-day supervision of the Regional Support Staff team to ensure that all service orders are accurately processed and the customer information system is updated. Supervises QA Analyst team and ensures on-going compliance and quality assurance.

Key Accountabilities	Percentage of Time
Supervises the work flow of the regional support staff team in responding to and closing services orders, both electronic (service first technology) and paper; coordinates dispatching and and/or order processing activities with other internal functions including CSC; oversees the review and processing of shut-off notices; responds to complaints from commission or local authorities, data requests and/or customers.	25
Supervises the RSS team including recruitment & selection; staffing, performance management; coaching & counseling, terminations and other related activities.	20
Analyzes researches and resolves complex customer service order issues: collaborates with the CSC Billing department to ensure satisfactory resolution of problems and accurate billing.	15
Supervises QA Analysts in the execution and analysis of validation audits on revenue impacting fields; reviews exception reports and potential revenue impacting errors; collaborates with Districts, Billing and Shared Services to correct errors and ensure compliance with premise and set-up process.	15
Actively participates on Enterprise SOX Revenue team and the Regional Sarbanes-Oxley (SOX) Premise Set-Up and Mismatch Reporting Coordinator. Responsibilities include but are not limited to: assisting in developing reporting metrics, quality assurance testing, developing and distributing Regional communications, develop/coordinate/facilitate Regional training and monitoring processes for compliance.	10
Facilitates change and enhancements to current processes and procedures to improve efficiencies throughout the Enterprise by identifying deficiencies and	5

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defining Business needs. Works with Internal and External I.T. groups to design, perform quality assurance testing and implement changes and enhancements.	
Education:	Associate's Degree in Business related field or equivalent experience required. Bachelor's degree strongly preferred.
Skills:	Must possess strong leadership ability and must lead by example. Including establishing consistently high individual standards. Must possess strong verbal and written communication skills in addition to keen listening skills. The ability to adapt to the most effective management style required for a situation and/or individual, as well as, the ability to handle stressful and provocative situations in a calm and tactful manner are essential. Must demonstrate fairness and decision-making that balances the interest of the customer and Company. Must be able to evaluate situations and render immediate and timely decisions and/or solutions within established limits of authority and seek appropriate input and assistance from appropriate individuals when necessary. Must be flexible, adapt to changes in the work place and work environment while demonstrating concern for the Business and customer needs with professionalism, courtesy, enthusiasm, and act and work cooperatively with others.
Knowledge:	Knowledge of utility subsidiary and CSC policies, procedures and practices. Understanding of utility subsidiary field operations and organization, customer record keeping, billing and collections processes and customer computer systems. Proficient with word processing, spreadsheet and database applications in a Business environment.
Scope: *(Minimum)*	Total Supervised: Exempt 0 Non-Exempt: 12 Direct Budget: $0.00 Indirect Budget: $0.00 Direct Revenue $0.00 Indirect Revenue: $0.00
Experience:	Minimum of five to seven years experience in collections/customer service management.
Certifications & Licenses:	none
Work Environment:	Standard office environment
Travel Requirements:	25%
Key Interfaces:	Works with all Regional employees, Customer Service Center Managers, Supervisors and Liaisons, Shared Service Center Managers, Supervisors and Liaisons, Director of Customer Relationship Services, all levels of Service Delivery Management, Information Technology and Business Change Project Managers.

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Other:	Key Accountabilities: Provides support to Regional Rates, Operations and Communications departments, CRS management team, local district field and office staff as well as the CSC and SSC (5%).Coordinates and distributes the communications between the utility subsidiary and the CSC. Coordinates and distributes communications to Field Supervisors on FSR coaching opportunities relative to the closing of service orders and related tasks via mobile computing to ensure processes and procedures are adhered to.(5%)

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JOB DESCRIPTION			
Job Title: Operations Support Rep II (N)			**Job Code: 407062**
	Grade: L14	**FLSA: Non-Exempt**	**EEO: 5. Office and Clerical**
Salary Plan:	**Level: Not Applicable**		
Reports To:	**Various**		

Status: Active	**Approved: ☑ 4/22/2009**	**Revised: ☐**

Primary Role: Responsible for performing a variety of advanced administrative activities and support involving the operations of water treatment and distribution systems, field operations and/or regulatory compliance.

Key Accountabilities:	Percentage of Time:
Processes and maintains a variety of advanced accounting information including, but not limited to, payroll, accounts payable, invoices, inventory issues/receipts, purchase orders, customer payments, and bank deposits. Researches, compiles and updates information in various systems, including database, spreadsheet and word processing programs. Maintains financial and/or other business records, journals and ledgers.	30
Interacts with internal/external customers regarding various issues and provides any additional assistance. Researches and resolves difficult customer questions, concerns, difficulties, inquiries and/or problems.	30
Prepares and responds to data requests and executes work orders, service orders, error reports, set-ups, etc. in various configurations such as Powerplant, Advantex and Orcom. Compiles and reviews numerous essential reports on a daily/weekly/monthly basis.	30
Performs other duties as assigned.	10
	0
	0

Education:	High School Diploma or GED required.
Skills:	Strong oral and written communication skills. Strong organizational and customer service skills. Strong analytical skills and creative problem solving techniques with the ability to pursue timely and practical solutions. Must be detail oriented and capable of accurately computing and recording numbers as well as operating a computer keyboard with speed and accuracy.

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	Ability to work with various members of the public, including authorities, a diverse customer base, contractors, developers, as well as employees of various levels of the organizational structure within the company. Strong computer skills, including experience with the use of major word and excel programs, databases, graphics and/or CAD. Ability to perform multiple tasks in a fast-paced environment with changing priorities.
Knowledge:	Advanced knowledge of office procedures. Advanced math knowledge. Advanced knowledge of water distribution systems and water and wastewater field operations. Advanced working knowledge of computer programs. Advanced knowledge of network and maintenance related issues. Advanced knowledge of company billing guidelines and state billing regulations.
Scope: (Minimum)	Total Supervised: Exempt 0 Non-Exempt: 0 Direct Budget: $0 Indirect Budget: $0 Direct Revenue: $0 Indirect Revenue: $0
Experience:	Minimum of 2 - 5 years related clerical experience required.
Certifications & Licenses:	Valid Driver's License may be required in some instances.
Work Environment:	General office environment. In some instances must be able to lift up to 10 lbs. maximum and occasionally lift various items.
Travel Requirements:	None or minimal travel.
Key Interfaces:	Customers, Public Authorities, Contractors, Vendors, Developers, Managers, Supervisors and Employees.
Other:	None

Competencies (From The Water Division Competency Dictionary):

Analysis and Problem Solving - Analyzes and resolves business issues through the application of critical reasoning skills and general business experience.

Influencing - The ability to articulate an objective or idea in a compelling manner, so that others are persuaded to act on its merit.

Intercultural Sensitivity - Embracing and valuing differences in everyone. This includes the commitment to work constructively and collaboratively with all people in all aspects of our business.

Market/Customer Focus - Identifying, understanding and meeting customer expectations both internally

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and externally.

Organizational Awareness - The knowledge and development of formal and informal business relationships with key stakeholders, internal and external to the organization, that enable business objectives to be accomplished.

Sharing Knowledge & Expertise - Drives business performance by developing and contributing specific technical or professional knowledge, skills and experience. Demonstrates a professional attitude.

Teamworking - Is committed to working collaboratively to achieve business goals, building cohesiveness and identity with a work group, and valuing individual perspectives and contributions.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller/John Watson

Other Participating Employees: George Conroy/Sheila Miller

Question:

69. Describe all business development projects any portion of which was charged to ***TAWC*** during for 2006, 2007, 2008, 2009, the test year, the normalization period, the attrition period each month of 2010 and as projected for 2010 and 2011; state the amount of the charges to ***TAWC;*** and for each such project ***Explain*** how these charges benefited ratepayers of ***TAWC.***

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome. Without waiving these objections, see the list of completed and on-going business development projects related to operation in Tennessee identified as TN-COC-01-Q69-ATTACHMENT. The business development activities are primarily handled by the Manager of Business Development ("BD") at the Eastern Division of AWWSC who splits his time between activities in Tennessee and Kentucky, and the Director of BD at the Eastern Division who splits his time between the nine states that comprise the Eastern Division of AWWSC. In addition, there are support personnel at both AWWSC and the Eastern Division that assist in the preparation of models and other information specific to the projects for TAWC. The time and expenses related to BD are provided in the response to TN-COC-01-Q14-ATTACHMENT under the business unit for business development for each year 2007-2010. For easy reference, the totals for BD activities in TAWC for 2007-2010, and for the historical test-year and attrition year are shown below.

2007 - $99,318

2008 - $42,555

2009 - $71,892

2010 (forecast) - $74,360

HTY 3-31-10 - $78,677

Attrition Year - $81,037

Growth in revenues and customers from BD activities directly benefit the customers in a number of ways. The addition of new customers permit the spreading of fixed costs over a larger customer base incrementally lowering the cost to each customer, and revenue and earnings from BD growth directly lower the overall revenue requirement for all customers. The Company's BD activities have resulted in new bulk sales to Walden's Ridge, the acquisition of the former Suck Creek Utility District and the operation agreement with Lone Oak Utility District which have directly lowered the cost to the other customers of TAWC as described above. The BD activities have also led to renewal of existing bulk sales contracts, and the identification of potential growth opportunities that if implemented will benefit existing TAWC customers.

Tennessee American Water Company
Business Development projects
TN-COC-Q69

Year Activity Occurred	Business Development Activity	Contact Person	Type of Activity
2009	City of Dunlap	Mayor Land	Acquisition water/sewer
	City of LaVergne	Mark Moshea, City Manager	Acquistion water
	City of Jasper	Mayor Simpson	Acquisition water
	City of Portland	Mayor Wilbur	Acquistion water/sewer
	Catoosa Utility District	Chairman Lee	Bulk Water Sale
	Sequatchie Valley	County Mayor Hudson	Lone Oak Utility District
	City of Signal Mountain	Hanna Rogers, City Manager	Bulk Water Sale
	Aetna Mnt. (Double Diamond LLC)	Charles Regan, SrVP	Line extension to Aetna Mnt.
2008	City of LaVergne	Mark Moshea, City Manager	Acquistion water
	City of Jasper	Mayor Simpson	Acquisition water
	City of Smithville	Mayor Hendrixson	Acquisition water / sewer
	City of Crossville	Mayor JH Graham	Acquisition water
	Aetna Mnt. (Double Diamond LLC)	Charles Regan, SrVP	Line extension to Aetna Mnt.
2007	Rarity & Sequatchie Point Development	Paul Carter - Doug Stein	Line extension to Aetna Mountain
	T-Mobile - Lookout Mountain	Jean Fraley	Antenna Lease
	City of Whitwell	Jim Toyer, City Mgr.	Acquisition water
	City of Hendersonville	Tom Atchley, GM	Regional Wastewater Plan
2006	City of Whitwell	Jim Troyer, City Mgr.	Acquisition water
	Deefor Development	N/A	Abandon right of way
2005	Town of Collierville (Memphis Area)		RFP Wastewater O & M
	Walden's Ridge	David Streater	Bulk Water Sale

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller/George Conroy

Question:

70. ***Identify*** the total amount of charitable contributions, corporate social responsibility, external affairs/communication, and functions expense, recorded at the National Service Center and Local Service Center levels for 2006, 2007, 2008, 2009, the test year, the normalization period, the attrition period, each month of 2010 and as projected for 2010 and 2011, the amount allocated to ***TAWC*** or any other regulated subsidiaries or affiliates of ***AWWC*** during each such period, and the accounts to which the costs were or are to be charged.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Company did not include charitable contributions for either TAWC or AWWSC in its revenue requirement calculation in this case. In addition, see the Company's response TN-TRA-01-Q013-ATTACHMENT at pages TRA-01-Q013-MANAGEMENT FEES, pages 1, 11-12 of 12. On page 1 the Company provided a summary of the management fee adjustment that eliminates charitable contributions and several other expense categories. The detail of the expenses listed on page 1 is provided in the shaded areas on pages 11-12. In addition see the response to TN-COC-01-Q14 where the summary of charges for external affairs/communications can be found under that function group which includes business units for corporate social responsibility. The amount of External Affairs/Communications costs recapped from the information provided in TN-COC-01-

Q14-ATTACHMENT for 2007-2010 and in the historical test-year and attrition year for TAWC is shown below.

2007 -	$127,632
2008 -	$163,531
2009 -	$194,286
2010 (forecast)-	$135,072
Historical Test-Year -	$186,957
Attrition Year -	$192,566

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

71. Provide all 2008, 2009, and 2010 travel and entertainment vouchers and receipts associated with charges to the following business units: CORP-Government Affairs, CORP External Affairs, CORP-Marketing, CORP-External Communications. CORP-Internal Communications, CORP-Corp Social Resp, WE-External Affairs, Business Transformation, and CORP-Investor Relations.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, see the attached spreadsheet identified as TN-COC-01-Q71-ATTACHMENT 1 for a listing of travel and entertainment expenses for the business units requested. The attachment identified as TN-COC-01-Q71-ATTACHMENT 2 contains copies of invoices for all paid voucher payment types (labeled PV on the report). See the response to TN-TRA-01-Q013 at TRA-01-Q013-MANAGEMENT FEES, pages 1, and 2-8 of 12 for detail of the p-card charges the Company eliminated from the historical test-year management fee expense as part of this rate case.

The Company is not providing the receipts for payments using Company purchasing cards (labeled CC on the report) due to the enormous number of receipts. The Company is willing to make this data available to the City for review at the AWWSC offices where the information is kept.

TENNESSEE AMERICAN WATER COMPANY
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CITY OF CHATTANOOGA
TN-COC-01-Q71

Tennessee American Selected Service Company Travel and Entertainment Costs
Excluding Capitalized costs

Document Types
CC= Credit Card
PS=Disbursement Request
PV =Paid Voucher

Business Unit	Business Unit Name	Object	Object Account Name	Document Type	Document #	Explanation 1	Explanation 2	Amount Charged to TAWC Year 2008	2009	2010
032022	CORP-Government Affairs	575340	Employee Expense	CC	4545			16.21		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4625			6.62		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4660			57.5		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4698			13.03		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4853			20.15		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4875			80.97		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4955			80.81		
032022	CORP-Government Affairs	575340	Employee Expense	CC	4985			0.73		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5069			4.6		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5182			41.99		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5345			55.46		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5388	LAMBERTI'S CUCINA	DANIEL G RANIERI	1.01		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5411			23.79		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5411	KAMINSKIS	DANIEL G RANIERI	0.63		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5432	PAT'S PIZZERIA CINNAMINS	DANIEL G RANIERI	3.03		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5455			0.51		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5503			43.09		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5503	LAMBERTI'S CUCINA	DANIEL G RANIERI	1.13		
032022	CORP-Government Affairs	575340	Employee Expense	CC	5545				14.48	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5637				3.86	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5658				15.99	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5774				71.38	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5798				12.09	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5823				15.08	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5908				3.15	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5953				18.59	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5975	AMTRAK	ROBERT J BRABSTON		2.77	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5975	AMTRAK .COM	ROBERT J BRABSTON		7.88	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5975	AMTRAK TELEP	ROBERT J BRABSTON		-1.9	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5975	EDISON NJ PARKING	ROBERT J BRABSTON		0.29	
032022	CORP-Government Affairs	575340	Employee Expense	CC	5975	THUNDER GRILL	ROBERT J BRABSTON		0.94	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6179				100.24	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6201				13.22	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6313				0	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6378				43.11	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6385				8.88178E-16	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6385	DELTA AIR	LENDEL G JONES		18.52	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6422				12.57	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6442				40.31	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6529				32.2	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6555				38.78	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6664				40.29	
032022	CORP-Government Affairs	575340	Employee Expense	CC	6715					19.6
032022	CORP-Government Affairs	575340	Employee Expense	CC	6724					45
032022	CORP-Government Affairs	575340	Employee Expense	CC	6783					34.47
032022	CORP-Government Affairs	575340	Employee Expense	CC	6829					24.12
032022	CORP-Government Affairs	575340	Employee Expense	CC	6859					16.51

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Business Unit	Business Unit Name	Object	Object Account Name	Document Type	Document #	Explanation 1	Explanation 2	Amount Charged to TAWC Year 2008	2009	2010
032022	CORP-Government Affairs	575340	Employee Expense	CC	6865					76.6
032022	CORP-Government Affairs	575340	Employee Expense	CC	6920					43.81
032022	CORP-Government Affairs	575340	Employee Expense	CC	7020					23.29
032022	CORP-Government Affairs	575340	Employee Expense	CC	7064					32.26
032022	CORP-Government Affairs	575340	Employee Expense	CC	7157					85.74
032022	CORP-Government Affairs	575340	Employee Expense	CC	7179					21.92
032022	CORP-Government Affairs	575340	Employee Expense	CC	30895797	BEST BUY	LENDEL G JONES		9.86	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	4625			14.28		
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	4718	NARUC	NICHOLAS T DEVECCHIS	9.69		
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	5182			18.87		
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	5345			14.89		
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	5411			11.73		
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	5658				25.15	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	5774				11.78	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	6106				9.8	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	6378				10.89	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	6529				30.89	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	6555				15.22	
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	6859					9.75
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	6920					9.85
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	CC	7157					39.8
032022	CORP-Government Affairs	575342	Employee Exp Conf/Registration	PS	42187623	Macruc	L. Jones Registration		10.79	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	4625			0.38		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	4660			2.39		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	4698			0.28		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	4853			1.64		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	4875			6.79		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	4955			1.58		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5069			0.86		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5182			3.57		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5345			22.6		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5411			1.35		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5455			0.91		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5481	ELITE CATERING	CARRIE A NECKY	6.62		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5503			1.59		
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5545				2.04	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5658				0.18	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5658	ANTHONY MICHAEL'S C	CARRIE A NECKY		5.48	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5798				0.13	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5823				5.6	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	5953				2.2	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6179				1.97	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6378				1.11	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6385				0	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6385	DELTA AIR	LENDEL G JONES		1.23	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6422				1.49	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6442				8.35	

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032022	CORP-Government Affairs	575350	Meals Deductible	CC	6529				1.06	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6555				1.43	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6664				5.62	
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6715					0.36
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6724					7.08
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6783					1.88
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6829					3.59
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6859					0.59
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6865					2.74
032022	CORP-Government Affairs	575350	Meals Deductible	CC	6920					4.41
032022	CORP-Government Affairs	575350	Meals Deductible	CC	7020					4.49
032022	CORP-Government Affairs	575350	Meals Deductible	CC	7064					1.65
032022	CORP-Government Affairs	575350	Meals Deductible	CC	7157					4.79
032022 Total	**CORP-Government Affairs**							$ 571.28	$ 666.11	$ 514.30
032025	CORP-External Affairs	575340	Employee Expense	CC	4407	TROPIANO TRANSPORTATION	CARRIE A NECKY	12.24		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	AMERICAN AI	LAURA L MONICA	12.14		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	AMEXFEE	LAURA L MONICA	0.62		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	BWI#73-PETER BROVER	LAURA L MONICA	2.09		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	HILTON HOTELS CAPITAL	LAURA L MONICA	4.6		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	HOLIDAY INNS ALTON	LAURA L MONICA	2.51		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	MANCHESTER AIRPORT	LAURA L MONICA	8.18		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	MARRIOTT 33747 MARCO IS	LAURA L MONICA	19.78		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	SOUTHWESTAIR	LAURA L MONICA	47.82		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	THE QUORUM HOTEL	LAURA L MONICA	3.89		
032025	CORP-External Affairs	575340	Employee Expense	CC	4429	USAIRWAYS	LAURA L MONICA	11.83		
032025	CORP-External Affairs	575340	Employee Expense	CC	4481	MANCHESTER AIRPORT	LAURA L MONICA	0.78		
032025	CORP-External Affairs	575340	Employee Expense	CC	4481	MARRIOTT 33737 PHLDP ARPT	LAURA L MONICA	130.34		
032025	CORP-External Affairs	575340	Employee Expense	CC	4481	SOUTHWESTAIR	LAURA L MONICA	11.14		
032025	CORP-External Affairs	575340	Employee Expense	CC	4481	USAIRWAYS	LAURA L MONICA	2.52		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	AMTRAK INTER	LAURA L MONICA	2.79		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	BWI AIRPORT KIM	LAURA L MONICA	1.67		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	EMBASSY SUITES WASHINGTON	LAURA L MONICA	12.81		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	HOTEL GEORGE	LAURA L MONICA	13.64		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	HUSSAINI MUHAMMED	LAURA L MONICA	1.72		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	JAMES LIMOUSINE SERVICE	LAURA L MONICA	2.72		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	MANCHESTER AIRPORT	LAURA L MONICA	3.23		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	SOUTHWESTAIR	LAURA L MONICA	11.02		
032025	CORP-External Affairs	575340	Employee Expense	CC	4545	USAIRWAYS	LAURA L MONICA	0		
032025	CORP-External Affairs	575340	Employee Expense	CC	4660	IBAHN GENERAL HOLDINGS	CARRIE A NECKY	0.14		
032025	CORP-External Affairs	575340	Employee Expense	CC	4660	MARRIOTT 33737 PHLDP ARPT	CARRIE A NECKY	22.67		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	AMEXFEE	LAURA L MONICA	0.62		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	AMTRAK INTER	LAURA L MONICA	0		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	HILTON HOTELS MILLENIM	LAURA L MONICA	30.63		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	MANCHESTER AIRPORT	LAURA L MONICA	5.4		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	NYC TAXI MED 2P	LAURA L MONICA	0.19		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	NYC-TAXI	LAURA L MONICA	1.76		
032025	CORP-External Affairs	575340	Employee Expense	CC	4722	SOUTHWESTAIR	LAURA L MONICA	30.11		

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032025	CORP-External Affairs	575340	Employee Expense	CC	4722	USAIRWAYS	LAURA L MONICA	27.71		
032025	CORP-External Affairs	575340	Employee Expense	CC	4748	HILTON HOTELS MILLENIM	CARRIE A NECKY	8.84		
032025	CORP-External Affairs	575340	Employee Expense	CC	4875	AMEXFEE	LAURA L MONICA	0.41		
032025	CORP-External Affairs	575340	Employee Expense	CC	4875	MANCHESTER AIRPORT	LAURA L MONICA	1.39		
032025	CORP-External Affairs	575340	Employee Expense	CC	4875	THE ALEX HOTEL	LAURA L MONICA	0		
032025	CORP-External Affairs	575340	Employee Expense	CC	4875	THE BORGATA	LAURA L MONICA	4.03		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	AMEXFEE	LAURA L MONICA	0.41		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	CAYE DAVIS TAXI INC	LAURA L MONICA	1.2		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	JAMES LIMOUSINE SERVICE	LAURA L MONICA	5.64		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	MANCHESTER AIRPORT	LAURA L MONICA	7.23		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	MARRIOTT 337F5 SEAVIEW NJ	LAURA L MONICA	16.03		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	NYC-TAXI	LAURA L MONICA	2.6		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	SOUTHWESTAIR	LAURA L MONICA	22.37		
032025	CORP-External Affairs	575340	Employee Expense	CC	4955	USAIRWAYS	LAURA L MONICA	22.39		
032025	CORP-External Affairs	575340	Employee Expense	CC	5182	JAMES LIMOUSINE SERVICE	CARRIE A NECKY	8.52		
032025	CORP-External Affairs	575340	Employee Expense	CC	5182	WINGATE INN VOORHEES	CARRIE A NECKY	2.02		
032025	CORP-External Affairs	575340	Employee Expense	CC	5204	ELDORADO HOTEL-FRONT D	LAURA L MONICA	5.13		
032025	CORP-External Affairs	575340	Employee Expense	CC	5204	MANCHESTER AIRPORT	LAURA L MONICA	5.61		
032025	CORP-External Affairs	575340	Employee Expense	CC	5204	SOUTHWESTAIR	LAURA L MONICA	48.26		
032025	CORP-External Affairs	575340	Employee Expense	CC	5274	HOLIDAY INNS ALTON	LAURA L MONICA	2.28		
032025	CORP-External Affairs	575340	Employee Expense	CC	5274	MANCHESTER AIRPORT	LAURA L MONICA	1.39		
032025	CORP-External Affairs	575340	Employee Expense	CC	5274	SOUTHWESTAIR	LAURA L MONICA	2.83		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	AMEX FEE IMTAUW	LAURA L MONICA	0.1		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	AMEXFEE	LAURA L MONICA	0.2		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	CHAMPAGNE LIMO	LAURA L MONICA	2.82		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	DELTA AIR	LAURA L MONICA	13.25		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	GOLD SHIELD TRANSPORTA	LAURA L MONICA	3.97		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	MANCHESTER AIRPORT	LAURA L MONICA	3.92		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	MARRIOTT 33736 LEXINGTON	LAURA L MONICA	7.74		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	SOUTHWESTAIR	LAURA L MONICA	14.59		
032025	CORP-External Affairs	575340	Employee Expense	CC	5345	USAIRWAYS	LAURA L MONICA	26.82		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	AMEXFEE	LAURA L MONICA	0.2		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	CHEVRON	LAURA L MONICA	0.22		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	ELDORADO HOTEL-FRONT D	LAURA L MONICA	16.87		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	MANCHESTER AIRPORT	LAURA L MONICA	3.28		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	NATIONAL CAR RENTAL	LAURA L MONICA	5.58		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	SHERATON HOTELS	LAURA L MONICA	14.64		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	SOUTHWESTAIR	LAURA L MONICA	22.67		
032025	CORP-External Affairs	575340	Employee Expense	CC	5481	USAIRWAYS	LAURA L MONICA	13.96		
032025	CORP-External Affairs	575340	Employee Expense	CC	5503	AMEXFEE	LAURA L MONICA	0.51		
032025	CORP-External Affairs	575340	Employee Expense	CC	5503	DELTA AIR	LAURA L MONICA	17.67		
032025	CORP-External Affairs	575340	Employee Expense	CC	5503	MANCHESTER AIRPORT	LAURA L MONICA	2.76		
032025	CORP-External Affairs	575340	Employee Expense	CC	5503	SOUTHWESTAIR	LAURA L MONICA	8.47		
032025	CORP-External Affairs	575340	Employee Expense	CC	5503	UNITED AIR	LAURA L MONICA	5.5		
032025	CORP-External Affairs	575340	Employee Expense	CC	5503	USAIRWAYS	LAURA L MONICA	6.01		
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	AMEXFEE	LAURA L MONICA		0.1	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	CONCORD TRAILWAYS	LAURA L MONICA		0.4	

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032025	CORP-External Affairs	575340	Employee Expense	CC	5613	DELTA AIR	LAURA L MONICA		0.3	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	HYATT HOTELS SCOTTSDALE	LAURA L MONICA		19.21	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	MANCHESTER AIRPORT	LAURA L MONICA		3.37	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	NEW YORK PALACE HOTEL	LAURA L MONICA		13.9	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	NYC-TAXI	LAURA L MONICA		1.29	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	RISTORANTE LA BUCA	LAURA L MONICA		2.28	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	SOUTHWESTAIR	LAURA L MONICA		19.61	
032025	CORP-External Affairs	575340	Employee Expense	CC	5613	USAIRWAYS	LAURA L MONICA		20.15	
032025	CORP-External Affairs	575340	Employee Expense	CC	5681	MANCHESTER AIRPORT	LAURA L MONICA		1.5	
032025	CORP-External Affairs	575340	Employee Expense	CC	5681	SOUTHWESTAIR	LAURA L MONICA		5.69	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	AMEXFEE	CARRIE A NECKY		0.2	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823		LAURA L MONICA		0.2	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	AMTRAK	LAURA L MONICA		2.89	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	AMTRAK .COM	LAURA L MONICA		4.81	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	AMTRAK TELEP	LAURA L MONICA		-2.57	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	ARIZONA BILTMORE	LAURA L MONICA		13.94	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	BWI	LAURA L MONICA		2.25	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	BWI ETC	LAURA L MONICA		2.05	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	CONTINENTAL	LAURA L MONICA		16.34	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	HOTEL GEORGE	LAURA L MONICA		13.5	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	MANCHESTER AIRPORT	LAURA L MONICA		8.23	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	MARRIOTT 337E5 NEWARK	LAURA L MONICA		3.35	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	RENAISSANCE 9671 DC	LAURA L MONICA		14.46	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	SOUTHWESTAIR	LAURA L MONICA		34.24	
032025	CORP-External Affairs	575340	Employee Expense	CC	5823	USAIRWAYS	LAURA L MONICA		5.19	
032025	CORP-External Affairs	575340	Employee Expense	CC	5884	AMEXFEE	LAURA L MONICA		0.8	
032025	CORP-External Affairs	575340	Employee Expense	CC	5884	HYATT HOTELS CHICAGO	LAURA L MONICA		3.18	
032025	CORP-External Affairs	575340	Employee Expense	CC	5884	MANCHESTER AIRPORT	LAURA L MONICA		1.88	
032025	CORP-External Affairs	575340	Employee Expense	CC	5884	PHILADELPHIA TAXI	LAURA L MONICA		1.61	
032025	CORP-External Affairs	575340	Employee Expense	CC	5884	SOUTHWESTAIR	LAURA L MONICA		12.63	
032025	CORP-External Affairs	575340	Employee Expense	CC	5884	USAIRWAYS	LAURA L MONICA		2.55	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	AMEXFEE	LAURA L MONICA		1	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	AMTRAK .COM	LAURA L MONICA		5.46	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	FOREIGN CURRENCY FEE	LAURA L MONICA		0.23	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	HERTZ RENT-A-CAR	LAURA L MONICA		5.38	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	MANCHESTER AIRPORT	LAURA L MONICA		3.89	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	MARRIOTT HOTEL ZUERICH	LAURA L MONICA		22.63	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	MOTOMART	LAURA L MONICA		0.33	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	PRESIDENT ABRAHAM LINCOLN	LAURA L MONICA		2.58	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	RENAISSANCE HOTELS STL AP	LAURA L MONICA		3.89	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	SOUTHWESTAIR	LAURA L MONICA		23.03	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	TOUCH OF CLASS TRANSPO	LAURA L MONICA		6.25	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	UNITED AIR	LAURA L MONICA		125.72	
032025	CORP-External Affairs	575340	Employee Expense	CC	5932	USAIRWAYS	LAURA L MONICA		9.34	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	FOREIGN CURRENCY FEE	LAURA L MONICA		0.01	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	HOTEL HERSHEY	LAURA L MONICA		8.33	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	MANCHESTER AIRPORT	LAURA L MONICA		7.82	

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032025	CORP-External Affairs	575340	Employee Expense	CC	6106	OSKAR BADER'S ERBEN TAXI	LAURA L MONICA		0.9	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	SEAVIEW RESORT	LAURA L MONICA		9.06	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	SOUTHWESTAIR	LAURA L MONICA		28.84	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	TRAVEL INSURANCE POLICY	LAURA L MONICA		0.29	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	UNITED AIR	LAURA L MONICA		9.52	
032025	CORP-External Affairs	575340	Employee Expense	CC	6106	USAIRWAYS	LAURA L MONICA		18.17	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	AMEXFEE	LAURA L MONICA		0.4	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	AMTRAK	LAURA L MONICA		0.34	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	AMTRAK .COM	LAURA L MONICA		10.73	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	EVERGREEN LIMOUSINE LLC	LAURA L MONICA		2.77	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	HILTON HOTELS CAPITAL	LAURA L MONICA		9.73	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	HOTEL GEORGE	LAURA L MONICA		4.76	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	HOTEL HERSHEY	LAURA L MONICA		8.33	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	MANCHESTER AIRPORT	LAURA L MONICA		3.03	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	PUGET SOUND DISPATCH	LAURA L MONICA		0.93	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	SOUTHWESTAIR	LAURA L MONICA		32.2	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	STITA	LAURA L MONICA		1.01	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	UNITED AIR	LAURA L MONICA		0.4	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	USAIRWAYS	LAURA L MONICA		10.73	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	WESTIN HOTELS SWAN	LAURA L MONICA		6.77	
032025	CORP-External Affairs	575340	Employee Expense	CC	6201	WESTIN SEATTLE	LAURA L MONICA		25.64	
032025	CORP-External Affairs	575340	Employee Expense	CC	6208	TOUCH OF CLASS TRANSPO	DONALD L CORRELL		1.99	
032025	CORP-External Affairs	575340	Employee Expense	CC	6335	AMEXFEE	LAURA L MONICA		0.1	
032025	CORP-External Affairs	575340	Employee Expense	CC	6335	MANCHESTER AIRPORT	LAURA L MONICA		4.77	
032025	CORP-External Affairs	575340	Employee Expense	CC	6335	SOUTHWESTAIR	LAURA L MONICA		15.67	
032025	CORP-External Affairs	575340	Employee Expense	CC	6335	USAIRWAYS	LAURA L MONICA		5.55	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	AMEXFEE	LAURA L MONICA		0.1	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	DELTA AIR	LAURA L MONICA		25.05	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	DOUBLETREE SUITES LEXINGT	LAURA L MONICA		4.86	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	MANCHESTER AIRPORT	LAURA L MONICA		1.58	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	NEW YORK PALACE HOTEL	LAURA L MONICA		6.32	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	PHILADELPHIA TAXI	LAURA L MONICA		1.3	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	SOUTHWESTAIR	LAURA L MONICA		10.45	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	USAIRWAYS	LAURA L MONICA		0.99	
032025	CORP-External Affairs	575340	Employee Expense	CC	6385	YELLOW CAB/DIGITAL DIS	LAURA L MONICA		0.8	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	AMEXFEE	LAURA L MONICA		0.1	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	AMTRAK .COM	LAURA L MONICA		1.98	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	CITY CAB CO OF ORLANDO	LAURA L MONICA		2.87	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	MANCHESTER AIRPORT	LAURA L MONICA		3.47	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	NYC TAXI MED 2G	LAURA L MONICA		0.73	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	SHERATON HOTELS STN SQUAR	LAURA L MONICA		7.65	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	SOUTHWESTAIR	LAURA L MONICA		30.87	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	USAIRWAYS	LAURA L MONICA		9.8	
032025	CORP-External Affairs	575340	Employee Expense	CC	6555	WESTIN HOTELS SWAN	LAURA L MONICA		11.09	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	AMERICAN AI	LAURA L MONICA		4.86	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	AMEXFEE	LAURA L MONICA		0.1	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	BWI BOINGO WIRELESS	LAURA L MONICA		0.14	

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032025	CORP-External Affairs	575340	Employee Expense	CC	6642	MANCHESTER AIRPORT	LAURA L MONICA		7.13	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	MARRIOTT 33738 CHICAGO	LAURA L MONICA		15.8	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	SOUTHWESTAIR	LAURA L MONICA		43.15	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	THE HAY ADAMS	LAURA L MONICA		9.7	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	USAIRWAYS	LAURA L MONICA		11.42	
032025	CORP-External Affairs	575340	Employee Expense	CC	6642	YELLOW CAB	LAURA L MONICA		0.64	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	AMEXFEE	LAURA L MONICA		0.1	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	AMTRAK	LAURA L MONICA		-0.83	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	AMTRAK .COM	LAURA L MONICA		2.55	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	HILTON HOTELS MILLENIM	LAURA L MONICA		14.14	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	MANCHESTER AIRPORT	LAURA L MONICA		2.22	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	NYC-TAXI	LAURA L MONICA		0.87	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	SOUTHWESTAIR	LAURA L MONICA		9.36	
032025	CORP-External Affairs	575340	Employee Expense	CC	6664	USAIRWAYS	LAURA L MONICA		6.18	
032025	CORP-External Affairs	575340	Employee Expense	CC	6724	AMTRAK .COM	LAURA L MONICA			2.23
032025	CORP-External Affairs	575340	Employee Expense	CC	6724	MANCHESTER AIRPORT	LAURA L MONICA			1.08
032025	CORP-External Affairs	575340	Employee Expense	CC	6724	SOUTHWESTAIR	LAURA L MONICA			3.1
032025	CORP-External Affairs	575340	Employee Expense	CC	6783	AMERICAN AI	PATRICIA A LEE			28.54
032025	CORP-External Affairs	575340	Employee Expense	CC	6783	RENAISSANCE 9671 DC	PATRICIA A LEE			16.39
032025	CORP-External Affairs	575340	Employee Expense	CC	6783	SOUTHWESTAIR	PATRICIA A LEE			10.55
032025	CORP-External Affairs	575340	Employee Expense	CC	6806	AMEXFEE	LAURA L MONICA			0.1
032025	CORP-External Affairs	575340	Employee Expense	CC	6806		PATRICIA A LEE			0.88
032025	CORP-External Affairs	575340	Employee Expense	CC	6806	MANCHESTER AIRPORT	LAURA L MONICA			0.33
032025	CORP-External Affairs	575340	Employee Expense	CC	6806	SOUTHWESTAIR	LAURA L MONICA			12.42
032025	CORP-External Affairs	575340	Employee Expense	CC	6806	THE HAY ADAMS	LAURA L MONICA			7.63
032025	CORP-External Affairs	575340	Employee Expense	CC	6806	UNITED AIR	LAURA L MONICA			10.51
032025	CORP-External Affairs	575340	Employee Expense	CC	6806	USAIRWAYS	PATRICIA A LEE			11.48
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	AMTRAK	LAURA L MONICA			0.32
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	AMTRAK .COM	LAURA L MONICA			5.76
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	BWI ETC	LAURA L MONICA			2.14
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	DELTA AIR	PATRICIA A LEE			10.88
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	DOUBLETREE SUITES LEXINGT	PATRICIA A LEE			4.42
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	FEDEX KINKO'S #	LAURA L MONICA			0.04
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	GOLD SHIELD TRANSPORTA	PATRICIA A LEE			1.56
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	MANCHESTER AIRPORT	LAURA L MONICA			7.01
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	RENAISSANCE 9671 DC	LAURA L MONICA			15.38
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	SOUTHWESTAIR	LAURA L MONICA			45.44
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	THE FAIRMONT TURNBERRY RS	LAURA L MONICA			17.7
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	TRAVEL INSURANCE POLICY	LAURA L MONICA			0.54
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	USAIRWAYS	LAURA L MONICA			12.03
032025	CORP-External Affairs	575340	Employee Expense	CC	6829	YELLOW CAB	LAURA L MONICA			1.01
032025	CORP-External Affairs	575340	Employee Expense	CC	6865	Ribbons Express Inc	MICHAEL J DEXTER			28.32
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	AIR FRANCE	LAURA L MONICA			17.69
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	AMEXFEE	LAURA L MONICA			0.49
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	AMTRAK	LAURA L MONICA			1.53
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	AMTRAK .COM	LAURA L MONICA			10.72
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	CAREY INTL INC/LIMOS	LAURA L MONICA			3.68

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032025	CORP-External Affairs	575340	Employee Expense	CC	6920	HOTEL GEORGE	LAURA L MONICA			29.03
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	HYATT HOTELS GR NEW YORK	LAURA L MONICA			9.75
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	MANCHESTER AIRPORT	LAURA L MONICA			3:67
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	SONNY'S LIMO & TAXI	LAURA L MONICA			1.18
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	SOUTHWESTAIR	LAURA L MONICA			31.43
032025	CORP-External Affairs	575340	Employee Expense	CC	6920	USAIRWAYS	LAURA L MONICA			57.59
032025	CORP-External Affairs	575340	Employee Expense	CC	7038	TOUCH OF CLASS TRANSPO	CARRIE A NECKY			4.1
032025	CORP-External Affairs	575340	Employee Expense	CC	7063	MANCHESTER AIRPORT	LAURA L MONICA			5.98
032025	CORP-External Affairs	575340	Employee Expense	CC	7063	MARRIOTT CONFERENCE CENTR	LAURA L MONICA			4.2
032025	CORP-External Affairs	575340	Employee Expense	CC	7063	SEAVIEW RESORT	LAURA L MONICA			13.87
032025	CORP-External Affairs	575340	Employee Expense	CC	7063	SOUTHWESTAIR	LAURA L MONICA			43.49
032025	CORP-External Affairs	575340	Employee Expense	CC	7063	THE RITZ CARLTON ST LOUIS	LAURA L MONICA			9.11
032025	CORP-External Affairs	575340	Employee Expense	CC	7063	USAIRWAYS	LAURA L MONICA			62
032025	CORP-External Affairs	575340	Employee Expense	CC	7064	HELMI MANSOUR TAXI	LAURA L MONICA			0.95
032025	CORP-External Affairs	575340	Employee Expense	CC	7064	HYATT HOTELS SACRAMENTO	LAURA L MONICA			27.58
032025	CORP-External Affairs	575340	Employee Expense	CC	7064	MANCHESTER AIRPORT	LAURA L MONICA			4.7
032025	CORP-External Affairs	575340	Employee Expense	CC	7064	SOUTHWESTAIR	LAURA L MONICA			46.33
032025	CORP-External Affairs	575340	Employee Expense	CC	7064	THE MANSION ON MAIN ST	LAURA L MONICA			3.94
032025	CORP-External Affairs	575340	Employee Expense	CC	7064	USAIRWAYS	LAURA L MONICA			12.11
032025	CORP-External Affairs	575340	Employee Expense	CC	7116	AMTRAK .COM	LAURA L MONICA			3.25
032025	CORP-External Affairs	575340	Employee Expense	CC	7116	HYATT HOTELS SACRAMENTO	LAURA L MONICA			-5.49
032025	CORP-External Affairs	575340	Employee Expense	CC	7116	MANCHESTER AIRPORT	LAURA L MONICA			5.53
032025	CORP-External Affairs	575340	Employee Expense	CC	7116	SOUTHWESTAIR	LAURA L MONICA			17.01
032025	CORP-External Affairs	575340	Employee Expense	CC	7179	MANCHESTER AIRPORT	LAURA L MONICA			2.51
032025	CORP-External Affairs	575340	Employee Expense	CC	7179	SOFITEL HOTELS @ LAFAYETT	LAURA L MONICA			15.99
032025	CORP-External Affairs	575340	Employee Expense	CC	7179	SOUTHWESTAIR	LAURA L MONICA			28.62
032025	CORP-External Affairs	575340	Employee Expense	CC	7179	USAIRWAYS	LAURA L MONICA			2.77
032025	CORP-External Affairs	575340	Employee Expense	PS	42457520	Cox, Michael	reimbursement of funds			0.61
032025	CORP-External Affairs	575340	Employee Expense	PS	42457521	Callahan, John	Reimbursement for travel			0.19
032025	CORP-External Affairs	575340	Employee Expense	PV	42282702	Marriott International - PHL A	AMERICAN WATER		11.54	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	4429	NARUC	LAURA L MONICA	9.69		
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	4429	US CONF OF MAYORS	LAURA L MONICA	10.71		
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	4955	NARUC	LAURA L MONICA	9.69		
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	5204	NATL ASSN OF WATER CO	LAURA L MONICA	23.97		
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	5345	NARUC	LAURA L MONICA	14.18		
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	5613	NARUC	LAURA L MONICA		9.8	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	5932	US CONF OF MAYORS	LAURA L MONICA		13.86	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6106	NARUC	LAURA L MONICA		9.8	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6335	NATL ASSN OF WATER CO	LAURA L MONICA		18.32	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6385	DELTA AIR	LAURA L MONICA		0	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6385	NARUC	LAURA L MONICA		14.06	
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6806	NARUC	LAURA L MONICA			9.75
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6829	WP-MEDIA ANALYTICS	LAURA L MONICA			47.28
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6920	NARUC	LAURA L MONICA			9.85
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	6920	NATL ASSN OF WATER CO	LAURA L MONICA			21.67
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	7116	NARUC	LAURA L MONICA			14.18
032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	CC	7116	NATL ASSN OF WATER CO	LAURA L MONICA			18.22

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032025	CORP-External Affairs	575342	Employee Exp Conf/Registration	PS	42251869	Macruc	L. Monica Registration		12.77	
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	BEDFORD VILLAGE INN RESTA	LAURA L MONICA	0.52		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	CHARLEYS STEAKHOUS	LAURA L MONICA	8.6		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	FILOMENA CUCINA RUISTICA	LAURA L MONICA	6.97		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	HILTON TWIGGS	LAURA L MONICA	0.88		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	HMS HOST-ORD AIRPT Q	LAURA L MONICA	0.27		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	MARRIOTT 33747 MARCO IS	LAURA L MONICA	6.38		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	MCDONALD'S F	LAURA L MONICA	0.1		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	OCEANAIRE PHILLY	LAURA L MONICA	122.34		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	PHILA KING OF PIZZA	LAURA L MONICA	0.22		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	SILVER DINER BWI	LAURA L MONICA	0.69		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4429	THE CHOPHOUSE	LAURA L MONICA	2.65		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4481	MARRIOTT 33737 PHLDP ARPT	LAURA L MONICA	225.26		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4545	CALIFORNIA TORTILLAQ	LAURA L MONICA	0.17		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4545	MATCHBOX RESTAURAN	LAURA L MONICA	2.83		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4545	RISTORANTE LA BUCA	LAURA L MONICA	3.56		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4545	RUTH'S CHRIS STEAK	LAURA L MONICA	7.33		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4545	SOUTH BUFFET	LAURA L MONICA	0.61		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4660	ELITE CATERING	CARRIE A NECKY	5.93		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4722	GREEN LEAFS	LAURA L MONICA	0.25		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4722	HILTON HOTELS MILLENIM	LAURA L MONICA	7.22		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4722	IL PALAZZO	LAURA L MONICA	14.09		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4722	MILLENIUM HILTON F&B	LAURA L MONICA	2.01		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4955	AMEXFEE	LAURA L MONICA	0.1		
032025	CORP-External Affairs	575350	Meals Deductible	CC	4955	SBARRO 798 Q	LAURA L MONICA	0.14		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5182	ELITE CATERING	CARRIE A NECKY	9.62		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5204	BURGER KING #11928 Q	LAURA L MONICA	0.12		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5204	CATELLI RISTORANTE LLC	LAURA L MONICA	35.86		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5204	KING OF PIZZA	LAURA L MONICA	0.11		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5204	OCEANAIRE	LAURA L MONICA	4.8		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5204	PORTOFINO RESTAURANT	LAURA L MONICA	3.71		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5274	ARGOSY CASINO ALTON RESTA	LAURA L MONICA	4.98		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5274	CHILI'S E-20 S	LAURA L MONICA	0.41		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5274	LILYS LOUNGE	LAURA L MONICA	1.87		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5274	PHILADELPHIAS FAMOUS	LAURA L MONICA	0.63		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5345	BLUE GROTTO - MOTO	LAURA L MONICA	0.54		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5345	KING OF PIZZA	LAURA L MONICA	0.18		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5345	MCDONALD'S F	LAURA L MONICA	0.13		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	BLACK MESA COFFEE COMPANY	LAURA L MONICA	0.91		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	CAFE DOMINIC	LAURA L MONICA	0.64		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	CAFE PARIS REST & BAKERY	LAURA L MONICA	0.44		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	ELDORADO HOTEL-F&B	LAURA L MONICA	8.26		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	FIRST IN FLIGH	LAURA L MONICA	0.37		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	HILTON HOTEL SANTA FE F&B	LAURA L MONICA	5.55		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	JEZEBEL	LAURA L MONICA	0.31		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	KING OF PIZZA	LAURA L MONICA	0.19		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	LA FONDA	LAURA L MONICA	1.02		

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032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	SHERATON HOTELS	LAURA L MONICA	0.69		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5481	SHERATON HOTELS F&B	LAURA L MONICA	2.09		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5503	LGA USA RESTAURANTS	LAURA L MONICA	1.19		
032025	CORP-External Affairs	575350	Meals Deductible	CC	5545	ANTHONY MICHAEL'S C	CARRIE A NECKY		0.47	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5613	BEDFORD VILLAGE INN RESTA	LAURA L MONICA		1.29	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5613	HYATT HOTELS SCOTTSDALE	LAURA L MONICA		4.7	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5613	LOGAN INT'L RI	LAURA L MONICA		0.07	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5613	MCDONALD'S F	LAURA L MONICA		0.12	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5613	THE CHOPHOUSE	LAURA L MONICA		8.91	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5613	VILLA PIZZA	LAURA L MONICA		0.15	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5658	ANTHONY MICHAEL'S C	CARRIE A NECKY		2.94	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5658	ELITE CATERING	CARRIE A NECKY		22.66	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	ARIZONA BILTMORE	LAURA L MONICA		2.05	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	AZ BILTMORE SP LOUNGE	LAURA L MONICA		1.29	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	BISTRO BIS	LAURA L MONICA		3.13	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	BURGER KING #11928 Q	LAURA L MONICA		0.09	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	CIBO MARKET E TERMINAL	LAURA L MONICA		0.12	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	ELITE CATERING	CARRIE A NECKY		4.46	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	KING OF PIZZA	LAURA L MONICA		0.06	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	OYA RESTAURANT & LOUNGE	LAURA L MONICA		5.35	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	RENAISSANCE 9671P F&B	LAURA L MONICA		2.78	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	SILVER DINER BWI	LAURA L MONICA		0.29	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	STARBUCKS N1 P	LAURA L MONICA		0.31	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5823	THE CHOPHOUSE	LAURA L MONICA		53.97	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5884	AMEXFEE	LAURA L MONICA		0.4	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5884	RISTORANTE LA BUCA	LAURA L MONICA		1.83	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5884	SOUTHWESTAIR	LAURA L MONICA		1.68	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	CIBO MARKET E TERMINAL	LAURA L MONICA		0.07	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	HUDSON NEWS PH	LAURA L MONICA		0.02	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	KING OF PIZZA	LAURA L MONICA		0.06	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	PRES ABRAHAM LINCOLN HOTE	LAURA L MONICA		1.08	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	RENAISSANCE HOTEL STL F&B	LAURA L MONICA		1.54	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	SAXBYS COFFEE #1067 KSK	LAURA L MONICA		0.04	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	SBARRO	LAURA L MONICA		0.24	
032025	CORP-External Affairs	575350	Meals Deductible	CC	5932	SPORTS BAR E-	LAURA L MONICA		0.16	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6106	AU BON PAIN #217 CAFE	LAURA L MONICA		0.14	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6106	KING OF PIZZA	LAURA L MONICA		0.12	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6106	RISTORANTE LA BUCA	LAURA L MONICA		2.38	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6106	SEAVIEW RESORT	LAURA L MONICA		0.12	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6106	SKY ASIAN BISTRO -	LAURA L MONICA		0.36	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	BISTRO BIS	LAURA L MONICA		0.55	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	DUNKIN #345808 Q	LAURA L MONICA		0.11	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	HOTEL HERSHEY RESTAURA	LAURA L MONICA		1.67	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	JET ROCK D	LAURA L MONICA		0.4	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	LEGAL SEA FOODS	LAURA L MONICA		0.44	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	LOLA RESTAURANT	LAURA L MONICA		0.96	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	MILLERS PUB	LAURA L MONICA		0.26	

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032025	CORP-External Affairs	575350	Meals Deductible	CC	6201	WESTIN SEATTLE FB	LAURA L MONICA		0.4	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6270	ACME	DENISE V FREE		0.59	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6335	DUNKIN #337538 Q	CARRIE A NECKY		0.45	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6335	SANREMO RISTORANTE	CARRIE A NECKY		2.68	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6385	APPLEBEES	LAURA L MONICA		0.3	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6385	CA ONE@DETROIT METRO ARPT	LAURA L MONICA		0.71	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6385	DELTA AIR	CARRIE A NECKY		0	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6385		LAURA L MONICA		-4.44089E-16	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6385	DOUBLETREE SUITES LEXIN	LAURA L MONICA		1.01	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6385	DUNKIN #337538 Q	CARRIE A NECKY		0.4	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6555	BISTRO NEW YORK	LAURA L MONICA		0.04	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6555	BURGER KING	LAURA L MONICA		0.06	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6555	CIBO MARKET E TERMINAL	LAURA L MONICA		0.19	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6555	MCO ENTERPRISES LLC	LAURA L MONICA		1.03	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6555	MILLTOWNE GRILLE	LAURA L MONICA		0.43	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6555	WESTIN HOTELS F B	LAURA L MONICA		10.47	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	437 RUSH	LAURA L MONICA		5.9	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	BRIOCHE DOREE	LAURA L MONICA		0.13	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	BURGER KING	LAURA L MONICA		0.06	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	CIBO MARKET E TERMINAL	LAURA L MONICA		0.21	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	GLOBE TAXI ASSOCIATION	LAURA L MONICA		0.96	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	JOE'S STONE CRAB OF CHGO	LAURA L MONICA		1.45	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	MARRIOTT 33738 F&B	LAURA L MONICA		1.28	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	PARADIES #535 PHILADELPHI	LAURA L MONICA		0.15	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	SAM HOSPITALITY CORP-CROW	LAURA L MONICA		0.93	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	THE HAY ADAMS FB	LAURA L MONICA		0.69	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6642	UNION TRUST STEAKHOUSE	LAURA L MONICA		4.03	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	ANTHONY MICHAEL'S C	CARRIE A NECKY		0.19	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	CIBO MARKET E TERMINAL	LAURA L MONICA		0.14	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	GUAVA & JAVA -PIA-EAST	LAURA L MONICA		0.05	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	HYATT HOTELS REGENCY F/B	LAURA L MONICA		0.67	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	LES HALLES DOWNTOWN	LAURA L MONICA		3.35	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	MILLENIUM HILTON F&B	LAURA L MONICA		1.17	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6664	SAXBYS COFFEE #1067 KSK	LAURA L MONICA		0.04	
032025	CORP-External Affairs	575350	Meals Deductible	CC	6724	MILLTOWNE GRILLE	LAURA L MONICA			0.3
032025	CORP-External Affairs	575350	Meals Deductible	CC	6783	RENAISSANCE 9671 DC	PATRICIA A LEE			6.48
032025	CORP-External Affairs	575350	Meals Deductible	CC	6806	GUAVA & JAVA -PIA-EAST	LAURA L MONICA			0.2
032025	CORP-External Affairs	575350	Meals Deductible	CC	6806	THE HAY ADAMS FB	LAURA L MONICA			0.34
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	BISTRO BIS	LAURA L MONICA			1.3
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	CATELLI RISTORANTE LLC	LAURA L MONICA			12.11
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	DOUBLETREE SUITES LEXINGT	PATRICIA A LEE			0.71
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	FT LAUD/HOLLYWD INTL AIRP	LAURA L MONICA			0.24
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	MCCORMICK & SCHMICK'S	LAURA L MONICA			6.78
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	MILLTOWNE GRILLE	LAURA L MONICA			0.14
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	RENAISSANCE 9671P F&B	LAURA L MONICA			0.49
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	Ribbons Express Inc	MICHAEL J DEXTER			0.45
032025	CORP-External Affairs	575350	Meals Deductible	CC	6829	THE CHOPHOUSE	LAURA L MONICA			2

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Excluding Capitalized costs

Document Types
CC= Credit Card
PS=Disbursement Request
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Business Unit	Business Unit Name	Object	Object Account Name	Document Type	Document #	Explanation 1	Explanation 2	Amount Charged to TAWC Year 2008	2009	2010
032025	CORP-External Affairs	575350	Meals Deductible	CC	6865	RENAISSANCE CATERING C	CARRIE A NECKY			13.29
032025	CORP-External Affairs	575350	Meals Deductible	CC	6920	CIBO MARKET E TERMINAL	LAURA L MONICA			0.22
032025	CORP-External Affairs	575350	Meals Deductible	CC	6920	F TERMINAL, LP	LAURA L MONICA			0.29
032025	CORP-External Affairs	575350	Meals Deductible	CC	6920	GUAVA & JAVA -PIA-EAST	LAURA L MONICA			0.15
032025	CORP-External Affairs	575350	Meals Deductible	CC	6920	MAMMA LLARDOS	LAURA L MONICA			0.18
032025	CORP-External Affairs	575350	Meals Deductible	CC	6920	SAXBYS COFFEE	LAURA L MONICA			0.1
032025	CORP-External Affairs	575350	Meals Deductible	CC	7038	MASSOS DELI & PIZZERIA	CARRIE A NECKY			1.96
032025	CORP-External Affairs	575350	Meals Deductible	CC	7038	PASSARIELLO PIZZERIA	CARRIE A NECKY			1.29
032025	CORP-External Affairs	575350	Meals Deductible	CC	7063	A-06 BEERS OF	LAURA L MONICA			0.19
032025	CORP-External Affairs	575350	Meals Deductible	CC	7063	BUTCHER & SINGER	LAURA L MONICA			18.15
032025	CORP-External Affairs	575350	Meals Deductible	CC	7063	LUIGI STEFANI PIZZERIA	LAURA L MONICA			0.26
032025	CORP-External Affairs	575350	Meals Deductible	CC	7063	PIZZACATO RESTTAURANT	LAURA L MONICA			3.16
032025	CORP-External Affairs	575350	Meals Deductible	CC	7063	THE CHOPHOUSE	LAURA L MONICA			3.94
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	BASSETTS ORIGINAL TURKEY	LAURA L MONICA			0.15
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	DUNKIN #345808 Q	LAURA L MONICA			0.12
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	GUAVA & JAVA -PIA-EAST	LAURA L MONICA			0.05
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	MILLTOWNE GRILLE	LAURA L MONICA			0.08
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	PHILADELPHIAS FAMOUS CHIC	LAURA L MONICA			0.47
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	PIZZA HUT S4 P	LAURA L MONICA			0.18
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	SACRAMENTO CC CONC	LAURA L MONICA			0.15
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	SBARRO	LAURA L MONICA			0.41
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	SHERATON GRAND DINING	LAURA L MONICA			0.93
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	SPRIGS	LAURA L MONICA			0.26
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	STARBUCKS SMF	LAURA L MONICA			0.14
032025	CORP-External Affairs	575350	Meals Deductible	CC	7064	TAYLOR STREET	LAURA L MONICA			0.13
032025	CORP-External Affairs	575350	Meals Deductible	CC	7116	APPLEBEES	LAURA L MONICA			3.12
032025	CORP-External Affairs	575350	Meals Deductible	CC	7116	DUNKIN #345808 Q	LAURA L MONICA			0.04
032025	CORP-External Affairs	575350	Meals Deductible	CC	7116	PANERA BREAD	CARRIE A NECKY			0.9
032025	CORP-External Affairs	575350	Meals Deductible	CC	7116	RENAISSANCE CATERING C	CARRIE A NECKY			3.47
032025	CORP-External Affairs	575350	Meals Deductible	CC	7116	SIROC RESTAURANT	LAURA L MONICA			2.47
032025	CORP-External Affairs	575350	Meals Deductible	CC	7179	RENAISSANCE CATERING C	CARRIE A NECKY			7.04
032025	CORP-External Affairs	575350	Meals Deductible	CC	7179	RISTORANTE FIENIS INC	LAURA L MONICA			1.16
032025	CORP-External Affairs	575350	Meals Deductible	PV	42282702	Marriott International - PHL A	AMERICAN WATER		25.84	
032025 Total	**CORP-External Affairs**							$ 1,371.62	$ 1,201.58	$ 950.84
032037	CORP-Investor Relations	575340	Employee Expense	CC	4268			7.61		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4332			15.28		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4429			9.98		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4436			0.74		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4504	N I R I	ROSEMARY D PANZANO	7.28		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4545			40.01		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4698			12.96		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4732	HILTON HOTELS MILLENIM	DONALD L CORRELL	20.75		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4754			51.15		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4790			0.48		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4875			14.77		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4875	AMTRAK INTER	MURIEL S LANGE	2.43		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4875	EMBASSY SUITES CHARLESTO	MURIEL S LANGE	7.04		

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032037	CORP-Investor Relations	575340	Employee Expense	CC	4875	PPAPHLY	MURIEL S LANGE	0.57		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4955			205.21		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4979			4.38		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4979	AMTRAK	MURIEL S LANGE	-0.4		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4979	AMTRAK INTER	MURIEL S LANGE	1.44		
032037	CORP-Investor Relations	575340	Employee Expense	CC	4979	STATION PLAZA PARKING FAC	MURIEL S LANGE	0.21		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5049			-21.28		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5182			41.48		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5182	AMTRAK	MURIEL S LANGE	-1.41		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5182	AMTRAK INTER	MURIEL S LANGE	2.69		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5182	PARK AMERICA	MURIEL S LANGE	0.12		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5182	TRENTON KIOSK	MURIEL S LANGE	0.03		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5296			47.37		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5296	AMEXFEE	MURIEL S LANGE	0.26		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5296	USAIRWAYS	MURIEL S LANGE	3.48		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5411			14.84		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5481			0.93		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5481	AMEXFEE	MURIEL S LANGE	0.21		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5481	BASSETTS ORIGINAL TURKEY	MURIEL S LANGE	0.09		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5481	MARRIOTT 337E4 DESERT SPR	MURIEL S LANGE	3.71		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5481	TOUCH OF CLASS TRANSPO	MURIEL S LANGE	2.62		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5481	USAIRWAYS	MURIEL S LANGE	6.2		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5503			18.51		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5503	PALM BEACH TRANSPORTATION	MURIEL S LANGE	0.42		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5503	PPAPHLY	MURIEL S LANGE	1		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5503	THE RITZ CARLTON PALM BCH	MURIEL S LANGE	6.71		
032037	CORP-Investor Relations	575340	Employee Expense	CC	5613				0.11	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5613	AMEXFEE	MURIEL S LANGE		0.21	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5613	GAYLORD PALM HOTEL-FL ADV	MURIEL S LANGE		2.78	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5613	INFLIGHT US AIRWAYS	MURIEL S LANGE		0.14	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5613	USAIRWAYS	MURIEL S LANGE		1.75	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5681				55.01	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5725	AMEXFEE	MURIEL S LANGE		0.21	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5725	GAYLORD PALMS HOTEL FLA	MURIEL S LANGE		6.01	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5725	MEARS TRANS. AIRPORT	MURIEL S LANGE		0.34	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5725	PPAPHLY	MURIEL S LANGE		1.04	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5725	SOUTHWESTAIR	MURIEL S LANGE		17.08	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5755				31.42	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5860	AMEX FEE IPBYRM	MURIEL S LANGE		0.05	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5860	AMEXFEE	MURIEL S LANGE		0.21	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5860	AMTRAK .COM	MURIEL S LANGE		1.24	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5860	PARK AMERICA	MURIEL S LANGE		0.11	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5860	SOUTHWESTAIR	MURIEL S LANGE		-12.91	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5860	USAIRWAYS	MURIEL S LANGE		6.74	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5884				20.47	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953				32.32	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	AMEXFEE	MURIEL S LANGE		1.1	

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032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	AMTRAK	MURIEL S LANGE		0.15	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	AMTRAK .COM	MURIEL S LANGE		1.09	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	CARMINE AND CO.HAIR SALO	MURIEL S LANGE		0.91	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	DELTA AIR	MURIEL S LANGE		7.34	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	HAMILTON STATION PARK AND	MURIEL S LANGE		0.13	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	MARRIOTT 337M9 KEY CTR	MURIEL S LANGE		2.37	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	N I R I	MURIEL S LANGE		4.09	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	NJT HAMLILTON TV	MURIEL S LANGE		0.33	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	PPAPHLY	MURIEL S LANGE		0.62	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	SOUTHWESTAIR	MURIEL S LANGE		0.26	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	STATION PLAZA PARKING FAC	MURIEL S LANGE		0.1	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5953	USAIRWAYS	MURIEL S LANGE		14.58	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975				78.94	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	AMEXFEE	KRISTIN C VILLECCO		0.1	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	CHILI'S MAIN L	KRISTIN C VILLECCO		0.16	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	MANDALAY BAY - KONA CAFE	KRISTIN C VILLECCO		0.05	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	MANDALAY BAY RESORT/CASIN	KRISTIN C VILLECCO		0.16	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	MANDALAY HOTEL BUSN CENTR	KRISTIN C VILLECCO		3.62	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	MANDALAY ROOM RESERVATION	KRISTIN C VILLECCO		3.59	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	PPAPHLY	KRISTIN C VILLECCO		0.41	
032037	CORP-Investor Relations	575340	Employee Expense	CC	5975	SOUTHWESTAIR	KRISTIN C VILLECCO		1.49	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	05181 PARKWAY -18TH&VI	MURIEL S LANGE		0.05	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	AMEXFEE	MURIEL S LANGE		0.21	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	AMTRAK	MURIEL S LANGE		0.9	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	NJT NY PENN STATION TV	MURIEL S LANGE		0.22	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	NJT TRENTON TV	MURIEL S LANGE		0.13	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	STATION PLAZA PARKING FAC	MURIEL S LANGE		0.2	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	TLF NATURE'S GIFT FLOR	MURIEL S LANGE		0.61	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6050	USAIRWAYS	MURIEL S LANGE		-6.85	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6106				25.96	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6127	MANDALAY BAY RESORT/CASIN	MURIEL S LANGE		5.03	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6127	MANDALAY HOTEL BUSN CENTR	MURIEL S LANGE		0.57	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6127	PPAPHLY	MURIEL S LANGE		0.83	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6154				-0.21	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6179				4.69	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6179	AMEXFEE	MURIEL S LANGE		0.21	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6179	THE MONEY SHOW	MURIEL S LANGE		33.64	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6179	UNION LEAGUE GRG	MURIEL S LANGE		0.27	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6179	USAIRWAYS	MURIEL S LANGE		4.03	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6201				15.97	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6335				15.53	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6355				0.4	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6355	MARRIOTT 337F2 SAN FRAN	MURIEL S LANGE		1.54	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6355	NATIONAL INVESTOR	MURIEL S LANGE		17.85	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	NATL ASSN OF WATER CO	MURIEL S LANGE		8.9	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	NEW YORK PALACE HOTEL	MURIEL S LANGE		3.3	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	NJT TRENTON TV	MURIEL S LANGE		0.21	

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032037	CORP-Investor Relations	S75340	Employee Expense	CC	6442	PAYPAL MZ CONSULT	MURIEL S LANGE		9.83	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	SOUTHWESTAIR	MURIEL S LANGE		2.64	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	STATION PLAZA PARKING FAC	MURIEL S LANGE		0.19	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	UNION LEAGUE GRG	MURIEL S LANGE		0.27	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6442	WESTIN HOTELS SWAN	MURIEL S LANGE		2.78	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6462				16.91	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6506				7.64	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6555				16.7	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6580	MEARS TRANS. AIRPORT	MURIEL S LANGE		0.3	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6580	PAYPAL NIRI PHILAD	MURIEL S LANGE		0.26	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6580	PPAPHLY	MURIEL S LANGE		1.04	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6580	WESTIN HOTELS SWAN	MURIEL S LANGE		3	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6599				8.91	
032037	CORP-Investor Relations	S75340	Employee Expense	CC	6642				34.85	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6664	HILTON HOTELS MILLENIM	MURIEL S LANGE		13.58	
032037	CORP-Investor Relations	575340	Employee Expense	CC	6724					113.99
032037	CORP-Investor Relations	575340	Employee Expense	CC	6760	AMEXFEE	MURIEL S LANGE			0.36
032037	CORP-Investor Relations	575340	Employee Expense	CC	6760	USAIRWAYS	MURIEL S LANGE			58.9
032037	CORP-Investor Relations	575340	Employee Expense	CC	6783					85.44
032037	CORP-Investor Relations	575340	Employee Expense	CC	6806					7.39
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829					32.97
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	ALLIED AREA A CAB	MURIEL S LANGE			0.62
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	AMEXFEE	MURIEL S LANGE			0.36
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	CONTINENTAL	MURIEL S LANGE			3.38
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	GAYLORD PALM HOTEL-FL ADV	MURIEL S LANGE			5.6
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	GAYLORD PALMS HOTEL FLA	MURIEL S LANGE			15.13
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	MEARS TRANS. AIRPORT	MURIEL S LANGE			0.34
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	NJT NWK-INT AIR	MURIEL S LANGE			0.15
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	PARADIES #535 PHILADELPHI	MURIEL S LANGE			0.03
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	SIR SPEEDY PRINTING	MURIEL S LANGE			10.09
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	THE FAIRMONT TURNBERRY RS	MURIEL S LANGE			0.15
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	USAIRWAYS	MURIEL S LANGE			3.15
032037	CORP-Investor Relations	575340	Employee Expense	CC	6829	YELLOW CAB	MURIEL S LANGE			0.41
032037	CORP-Investor Relations	575340	Employee Expense	CC	6865	Ribbons Express Inc	MICHAEL J DEXTER			28.32
032037	CORP-Investor Relations	575340	Employee Expense	CC	6898					22.47
032037	CORP-Investor Relations	575340	Employee Expense	CC	6898	HAMILTON STATION PARK AND	MURIEL S LANGE			0.08
032037	CORP-Investor Relations	575340	Employee Expense	CC	6898	NJT HAMILTON	MURIEL S LANGE			0.12
032037	CORP-Investor Relations	575340	Employee Expense	CC	6898	THE FAIRMONT TURNBERRY RS	MURIEL S LANGE			0
032037	CORP-Investor Relations	575340	Employee Expense	CC	6920					18.77
032037	CORP-Investor Relations	575340	Employee Expense	CC	6920	OFFICEMAX CT IN	KRISTIN C FERGUSON			0.55
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927					22.69
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AIR CANADA	MURIEL S LANGE			3.09
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AMEX FEE BQIUXP	MURIEL S LANGE			0.05
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AMEX FEE BVBZAQ	MURIEL S LANGE			0.05
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AMEX FEE IANWAP	MURIEL S LANGE			0.05
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AMEXFEE	MURIEL S LANGE			0.26
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AMTRAK	MURIEL S LANGE			-1.52

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Excluding Capitalized costs

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032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	AMTRAK .COM	MURIEL S LANGE			1.52
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	CAESAR'S PLACE ADV RSVN	MURIEL S LANGE			2.28
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	NJT TRENTON	MURIEL S LANGE			0.13
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	NJT WORLD TRADE CEN TV	MURIEL S LANGE			0.09
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	PATHTVM WORLD TRADE CEN	MURIEL S LANGE			0.21
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	STATION PLAZA PARKING FAC	MURIEL S LANGE			0.1
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	TRENTON KIOSK	MURIEL S LANGE			0.02
032037	CORP-Investor Relations	575340	Employee Expense	CC	6927	USAIRWAYS	MURIEL S LANGE			9.88
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966					37.61
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	AIR CANADA	MURIEL S LANGE			0.79
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	AMEXFEE	MURIEL S LANGE			0.05
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	BARRIE AUDIO VIDEO INC	MURIEL S LANGE			52.1
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	CAESARS HOTEL & CASINO	MURIEL S LANGE			5.71
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	CAREY INTL INC/LIMOS	MURIEL S LANGE			1.44
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	FOREIGN CURRENCY FEE	MURIEL S LANGE			0.06
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	HOTEL OMNI MONT ROYAL F/D	MURIEL S LANGE			1.78
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	NJT TRENTON	MURIEL S LANGE			0.64
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	PARADIES #535 PHILADELPHI	MURIEL S LANGE			0.06
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	SHERATON	MURIEL S LANGE			2.89
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	STATION PLAZA PARKING FAC	MURIEL S LANGE			0.2
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	TOUCH OF CLASS TRANSPO	MURIEL S LANGE			3.19
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	TRENTON NEWS NOW	MURIEL S LANGE			0.02
032037	CORP-Investor Relations	575340	Employee Expense	CC	6966	USAIRWAYS	MURIEL S LANGE			5.89
032037	CORP-Investor Relations	575340	Employee Expense	CC	7020					40.39
032037	CORP-Investor Relations	575340	Employee Expense	CC	7020	SEPTA/30TH ST. STN	MURIEL S LANGE			0.04
032037	CORP-Investor Relations	575340	Employee Expense	CC	7020	THE HAY ADAMS	MURIEL S LANGE			4.64
032037	CORP-Investor Relations	575340	Employee Expense	CC	7022	AMTRAK TELEP	DONALD L CORRELL			3.46
032037	CORP-Investor Relations	575340	Employee Expense	CC	7038					20.33
032037	CORP-Investor Relations	575340	Employee Expense	CC	7038	NATIONAL INVESTOR	MURIEL S LANGE			17.68
032037	CORP-Investor Relations	575340	Employee Expense	CC	7063					20.01
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114					22.93
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114	AIRCELL GOGO INFLIGHT	MURIEL S LANGE			0.13
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114	AMEXFEE	MURIEL S LANGE			0.26
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114	BART CONCOURSE H S QPS	MURIEL S LANGE			0.21
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114	MARRIOTT 337F2 SAN FRAN	MURIEL S LANGE			16.43
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114	UNITED AIR	MURIEL S LANGE			9.53
032037	CORP-Investor Relations	575340	Employee Expense	CC	7114	USAIRWAYS	MURIEL S LANGE			10.08
032037	CORP-Investor Relations	575340	Employee Expense	CC	7157					8.68
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	AMERICAN AI	MURIEL S LANGE			2.15
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	AMTRAK	MURIEL S LANGE			0.54
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	CHAMPION EXPOSITION SVCS	MURIEL S LANGE			-0.9
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	NJT NEWARK	MURIEL S LANGE			0.12
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	NJT NY PENN STA	MURIEL S LANGE			0.16
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	NJT TRENTON	MURIEL S LANGE			0.87
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	PAYPAL NYSEEURONEX	MURIEL S LANGE			17.37
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	STATION PLAZA PARKING FAC	MURIEL S LANGE			0.5
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	SWANK AUDIO VISUAL	MURIEL S LANGE			8.06

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032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	TOUCH OF CLASS TRANSPO	MURIEL S LANGE			1.56
032037	CORP-Investor Relations	575340	Employee Expense	CC	7179	USAIRWAYS	MURIEL S LANGE			1.23
032037	CORP-Investor Relations	575340	Employee Expense	PS	42564684	ICR	IR Presentation Training			143.5
032037	CORP-Investor Relations	575340	Employee Expense	PV	41918833	Insight Direct (Peripherals) -	ACCT# 1437370	6		
032037	CORP-Investor Relations	575340	Employee Expense	PV	42249436	Broadridge Investors Comm Solu	JOB#174982		27.61	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	5296			8.44		
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	5503			45.73		
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	5860	THE MONEY SHOW	MURIEL S LANGE		31.06	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	5953	EDLEN ELEC EXHIBIT SVCS	MURIEL S LANGE		0.88	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	5953	THE MONEY SHOW	MURIEL S LANGE		31.41	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6050	MANDALAY ROOM RESERVATION	MURIEL S LANGE		1.79	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6050	THE MONEY SHOW	MURIEL S LANGE		23.29	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6127	MANDALAY BAY CONVENTION	MURIEL S LANGE		8.69	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6179	BARRIE AUDIO VIDE00 OF	MURIEL S LANGE		9.33	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6355	CHAMPION EXPOSITION SVCS	MURIEL S LANGE		2.8	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6355	MARRIOTT 337F2 SAN FRAN	MURIEL S LANGE		6.6	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6355	SWANK AUDIO VISUAL	MURIEL S LANGE		8.16	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6355	THE MONEY SHOW	MURIEL S LANGE		17.34	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6442	THE MONEY SHOW	MURIEL S LANGE		25.62	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6760	CHAMPION EXPOSITION SVCS	MURIEL S LANGE			1.26
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6829	1103 PSAV PRESENTATION	MURIEL S LANGE			9.6
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6829	GAYLORD PALMS HOTEL FLA	MURIEL S LANGE			1.47
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6829	ON24 INC	MURIEL S LANGE			16.4
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6829	THE MONEY SHOW	MURIEL S LANGE			25.37
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6829	UNION LEAGUE OF PHILAD	MURIEL S LANGE			51.25
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6898					4
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6898	CHAMPION EXPOSITION SVCS	MURIEL S LANGE			1.2
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6898	THE MONEY SHOW	MURIEL S LANGE			30.9
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6927	BARRIE AUDIO VIDEO INC	MURIEL S LANGE			8.91
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6927	ENCORE PROD-CAESER'S	MURIEL S LANGE			18.01
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6927	THE MONEY SHOW	MURIEL S LANGE			30.9
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6966	CHAMPION EXPOSITION SVCS	MURIEL S LANGE			6.4
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6966	ENCORE PROD-CAESER'S	MURIEL S LANGE			0.92
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	6966	THE MONEY SHOW	MURIEL S LANGE			38.44
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	7020	EDLEN ELEC EXHIBIT SVCS	MURIEL S LANGE			1.23
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	7020	THE MONEY SHOW	MURIEL S LANGE			38.44
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	CC	7114	CHAMPION EXPOSITION SVCS	MURIEL S LANGE			4.38
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	PS	41959606	Wall Street Analyst Forum	Presentation Forum	41.15		
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	PV	42356444	Southwest Ideas Investor Confe	AMERICAN WATER		7.76	
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	PV	42513609	Identity Links Inc	AM WATER SALES			17.12
032037	CORP-Investor Relations	575342	Employee Exp Conf/Registration	PV	42551593	Three Point Advisors LLC	AM WATER INV# A			8.71
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4429			2.01		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4545			0.14		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4698			0.75		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4754			0.07		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4790			0.66		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4875	JET ROCK F	MURIEL S LANGE	0.29		

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032037	CORP-Investor Relations	575350	Meals Deductible	CC	4955			0.41		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4975	CEDAR GROVE CAFE	LISA MASELLI	3.32		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4979	PATHTVM NEWARK HW BMEBE	MURIEL S LANGE	0.21		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	4979	ZOCALO GRAND CENTRAL	MURIEL S LANGE	0.48		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5182			1.81		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5296			1.67		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5411			0.2		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5481			2.92		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5503	PHL-CHICK-FIL-	MURIEL S LANGE	0.06		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5503	SAXBYS COFFEE #1064 BC TE	MURIEL S LANGE	0.03		
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5613				2.63	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5725				3.33	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5725	GAYLORD PALMS HOTEL FLA	MURIEL S LANGE		1.2	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5725	GAYLORD PALMS HTL FL F&B	MURIEL S LANGE		0.09	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5725	VILLA PIZZA TERM B	MURIEL S LANGE		0.05	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5755				1.49	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5953	BRUEGGERS	MURIEL S LANGE		0.07	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5953	GUAVA & JAVA - PIA	MURIEL S LANGE		0.03	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5953	MANHATTAN CHILI CO.	MURIEL S LANGE		0.11	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5953	OLDE PHILADELPHIA TAVERN	MURIEL S LANGE		0.09	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5953	PARADIES #535 PHILADELPHI	MURIEL S LANGE		0.03	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	5975				0.29	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6050				0.06	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6050	TRENTON KIOSK	MURIEL S LANGE		0.01	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6050	ZARO'S BAKERY	MURIEL S LANGE		0.09	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6106				0.49	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6127	DELMONICO'S STEAKHOUSE	MURIEL S LANGE		0.44	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6127	JOSE CUERVO C	MURIEL S LANGE		0.29	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6127	LEPETIT BISTRO TERM C	MURIEL S LANGE		0.08	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6127	MANDALAY BAY - KONA CAFE	MURIEL S LANGE		0.04	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6127	SAXBYS COFFEE #1064 BC TE	MURIEL S LANGE		0.03	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6335				1.64	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355				2.98	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355	LARK CREEK STEAK	MURIEL S LANGE		0.89	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355	LEPETIT BISTRO TERM C	MURIEL S LANGE		0.1	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355	MAX'S EATZ SFO	MURIEL S LANGE		0.13	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355	NORDSTROM	MURIEL S LANGE		0.48	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355	SAXBYS COFFEE #1064 BC TE	MURIEL S LANGE		0.06	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6355	UNION LEAGUE OF PHILAD	MURIEL S LANGE		54.55	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6442	STARBUCKS USA	MURIEL S LANGE		0.06	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6555				2.19	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6580	AS2 STARBUCKS	MURIEL S LANGE		0.03	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6580	JOHNNY RIVERS SMOKEHOUSE	MURIEL S LANGE		0.17	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6580	MASSOS DELI & PIZZERIA	MURIEL S LANGE		0.92	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6599				0.09	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6642				2.13	
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6783					13.52

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032037	CORP-Investor Relations	575350	Meals Deductible	CC	6806					0.29
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6829					9.03
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6829	FT LAUD/HOLLYWD INTL AIRP	MURIEL S LANGE			0.08
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6829	GAYLORD PALMS HTL FL F&B	MURIEL S LANGE			0.38
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6829	LEPETIT BISTRO TERM C	MURIEL S LANGE			0.12
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6829	PHILLY AIR AUBONPAIN	MURIEL S LANGE			0.12
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6829	Ribbons Express Inc	MICHAEL J DEXTER			0.45
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6898					2.94
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6920					0.23
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6927					1.28
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6927	TRENTON KIOSK	MURIEL S LANGE			0.01
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6927	UNION LEAGUE OF PHILAD	MURIEL S LANGE			4.27
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966					3.15
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	CAESARS CYPRESS ST MRKTPL	MURIEL S LANGE			0.07
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	CIT PIZZA HUT	MURIEL S LANGE			0.11
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	LIBERTY DUTY FREE & NEWS	MURIEL S LANGE			0.03
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	PHILLY AIR AUBONPAIN	MURIEL S LANGE			0.11
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	PRET A MANGER	MURIEL S LANGE			0.05
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	SPAGO LAS VEGAS	MURIEL S LANGE			0.83
032037	CORP-Investor Relations	575350	Meals Deductible	CC	6966	TRENTON NEWS NOW	MURIEL S LANGE			0.02
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7020					4.5
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7020	COSI -	MURIEL S LANGE			0.11
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7063					0.26
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7114					1.96
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7114	BOULETTES LARDER	MURIEL S LANGE			0.24
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7114	BUENA VISTA SF	MURIEL S LANGE			0.28
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7114	MARRIOTT 337F2 SAN FRAN	MURIEL S LANGE			0.79
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7114	TRATTORIA CONTADINA	MURIEL S LANGE			0.62
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7157					0.1
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7179	CAFE METRO - LEX	MURIEL S LANGE			2.08
032037	CORP-Investor Relations	575350	Meals Deductible	CC	7179	TRENTON KIOSK	MURIEL S LANGE			0.04
032037 Total	**CORP-Investor Relations**							**$ 646.22**	**$ 818.71**	**$ 1,273.04**
032040	CORP-Business Transformation	575340	Employee Expense	CC	5411	NATIONAL CAR RENTAL	KIMBERLEE S LEGG	3.96		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5411	WINGATE INN VOORHEES	KIMBERLEE S LEGG	2.23		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	AMEXFEE	ANDREW S TWADELLE	0.53		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	BLUE OCEANS CAB COMPAN	ANDREW S TWADELLE	2.96		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	CROWNE PLAZA PHNIX AIRPRT	ANDREW S TWADELLE	4.98		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	HILTON GARDEN INN HRSY	ANDREW S TWADELLE	3.02		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	HILTON HOTELS HARBOR ISL	ANDREW S TWADELLE	4.72		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	PPAPHLY	ANDREW S TWADELLE	1.27		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	SUNOCO SVC STATION	ANDREW S TWADELLE	0.45		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5455	USAIRWAYS	ANDREW S TWADELLE	27.9		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5481			4.43		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503			0.11		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	AMEX FEE DVGKXD	KIMBERLEE S LEGG	0.23		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	AMEXFEE	KIMBERLEE S LEGG	0.9		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	CC FOOD MART	KIMBERLEE S LEGG	0.49		

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032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	HAMPTON INN VOORHEES	KIMBERLEE S LEGG	5.01		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	LAMBERT ST. LOUIS	KIMBERLEE S LEGG	0.63		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	MARATHON OIL 015321 XXX	KIMBERLEE S LEGG	0.39		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	NATIONAL CAR RENTAL	KIMBERLEE S LEGG	7.95		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	U-HAUL EAST ALTON	KIMBERLEE S LEGG	6.12		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	UNITED AIR	KIMBERLEE S LEGG	3		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	USAIRWAYS	KIMBERLEE S LEGG	21.81		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5503	WINGATE INN VOORHEES	KIMBERLEE S LEGG	6.68		
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567				13.73	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	AMEX FEE MRXTLD	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	AMEX FEE PIYDKU	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	AMEXFEE	KIMBERLEE S LEGG		0.22	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	HERSHEY LODGE & CON. C	KIMBERLEE S LEGG		3.97	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	NATIONAL CAR RENTAL	KIMBERLEE S LEGG		3.07	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	PASSARIELLOS PIZZERIA	MARIA R HOGAN		2.22	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	UNITED AIR	KIMBERLEE S LEGG		15.67	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5567	WINGATE INN VOORHEES	KIMBERLEE S LEGG		4.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5577				14.8	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5577	NATIONAL CAR RENTAL	KIMBERLEE S LEGG		6.52	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5577	SHERATON	KIMBERLEE S LEGG		4.86	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5577	UNITED AIR	KIMBERLEE S LEGG		3.94	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5577	WINGATE INN VOORHEES	KIMBERLEE S LEGG		2.23	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613				39.57	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	AMEX FEE	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	AMEXFEE	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	EMBASSY SUITES CHARLESTO	KIMBERLEE S LEGG		4.81	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	GO MART	KIMBERLEE S LEGG		0.72	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	HILTON GRDN/JACKSONS	KIMBERLEE S LEGG		4.64	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	NATIONAL CAR RENTAL	KIMBERLEE S LEGG		10.88	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	SUNOCO SVC STATION	KIMBERLEE S LEGG		0.69	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5613	WINGATE INN VOORHEES	KIMBERLEE S LEGG		4.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5637				18.78	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658				49.84	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	AMEXFEE	KIMBERLEE S LEGG		1.01	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	COURTYARD BY MARRIOTT SO.	KIMBERLEE S LEGG		3.24	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	DELTA AIR	KIMBERLEE S LEGG		7.01	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	EMBASSY SUITES CHARLESTO	KIMBERLEE S LEGG		4.51	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	MARRIOTT 33737 PHLDP ARPT	KIMBERLEE S LEGG		6.73	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	NATIONAL CAR RENTAL	KIMBERLEE S LEGG		4.83	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	UNITED AIR	KIMBERLEE S LEGG		11.04	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	USAIRWAYS	KIMBERLEE S LEGG		14.86	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	WINGATE INN VOORHEES	KIMBERLEE S LEGG		4.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5658	YEAGER AIRPORT PARKING	KIMBERLEE S LEGG		0.71	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5681				160.18	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725				34.9	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	AMERICAN AI	ANDREW S TWADELLE		14.75	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		3.74	

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032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	AMEX FEE OFLBIU	FRANCO G BOFFICE		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	AMEXFEE	ANDREW S TWADELLE		2.37	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		0.22	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	COURTYARD BY MARRIOTT MVY	ANDREW S TWADELLE		3.83	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	COURTYARD BY MARRIOTT SO.	ANDREW S TWADELLE		2.98	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	DELTA AIR	ANDREW S TWADELLE		10.31	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		10.31	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	DRURY INN CREVE COEUR	FRANCO G BOFFICE		5.74	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	FAIRFIELD INN DOWNTOWN	ANDREW S TWADELLE		4.99	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	HOLIDAY INNS ALTON	ANDREW S TWADELLE		5.04	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		5.04	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	HUCKS	ANDREW S TWADELLE		0.21	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		4.35	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	NATIONAL CAR RENTAL	ANDREW S TWADELLE		11.47	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		8.08	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	OFFICEMAX CT IN	MARIA R HOGAN		0.56	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	PACIFICO AIRPORT VALET	FRANCO G BOFFICE		1.18	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	PAULS TAXI	ANDREW S TWADELLE		1.35	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	PPAPHLY	ANDREW S TWADELLE		4.74	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		0.74	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	SPRINGHILL SUITES-I-	ANDREW S TWADELLE		10.86	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	STAPLES	MARIA R HOGAN		4.8	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	UNITED AIR	ANDREW S TWADELLE		5.25	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	USAIRWAYS	ANDREW S TWADELLE		66.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725		FRANCO G BOFFICE		12.33	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5725	WINGATE BY WYNDHAM OF SCO	FRANCO G BOFFICE		9.69	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755				46.76	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	AMERICAN AI	FRANCO G BOFFICE		2.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	AMEX FEE BPFDIK	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	AMEXFEE	ANDREW S TWADELLE		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755		KIMBERLEE S LEGG		1.56	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	ARIZONA BILTMORE	ANDREW S TWADELLE		11.3	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	DELTA AIR	KIMBERLEE S LEGG		0.34	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	DOUBLETREE SUITES LEXINGT	ANDREW S TWADELLE		2.75	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	HILTON ST LOUIS AIRPORT	KIMBERLEE S LEGG		10.17	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	HOLIDAY INNS ALTON	KIMBERLEE S LEGG		15.72	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	MARRIOTT 33710 LAGUARDIA	ANDREW S TWADELLE		4.64	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		5.4	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	MARRIOTT HOTELS-CHATTANOG	ANDREW S TWADELLE		4.85	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	NATIONAL CAR RENTAL	ANDREW S TWADELLE		6.12	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755		KIMBERLEE S LEGG		9.28	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	PPAPHLY	ANDREW S TWADELLE		3.69	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	SOUTHWESTAIR	FRANCO G BOFFICE		3.12	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	UNITED AIR	KIMBERLEE S LEGG		10.44	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	USAIRWAYS	ANDREW S TWADELLE		27.17	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755		FRANCO G BOFFICE		16.54	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5755		KIMBERLEE S LEGG		6.2	

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032040	CORP-Business Transformation	575340	Employee Expense	CC	5755	WINGATE INN VOORHEES	KIMBERLEE S LEGG		13.35	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774				36.4	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	AMEX FEE IMIJEE	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	AMEXFEE	KIMBERLEE S LEGG		0.22	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	DOUBLETREE SUITES LEXINGT	FRANCO G BOFFICE		2.75	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	MARRIOTT HOTELS-CHATTANOG	FRANCO G BOFFICE		4.06	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	PATRIOT PARK-MARKET LOT	KIMBERLEE S LEGG		0.95	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	PENN'S VIEW INN	KIMBERLEE S LEGG		6.17	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	UNITED AIR	KIMBERLEE S LEGG		3.55	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	USAIRWAYS	KIMBERLEE S LEGG		9.62	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5774	WINGATE INN VOORHEES	KIMBERLEE S LEGG		8.9	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5798				7.25	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5798	COURTYARD BY MARRIOTT ALX	ANDREW S TWADELLE		5.38	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5798	NATIONAL CAR RENTAL	ANDREW S TWADELLE		1.85	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5798	PPAPHLY	ANDREW S TWADELLE		0.9	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5823				71.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5840	AMERICAN AI	ANDREW S TWADELLE		13.54	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5840	AMEXFEE	ANDREW S TWADELLE		0.55	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5840	HOLIDAY INNS ALTON	ANDREW S TWADELLE		5.04	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5840	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		4.43	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5840	PPAPHLY	ANDREW S TWADELLE		1.35	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5840	USAIRWAYS	ANDREW S TWADELLE		1.86	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860				0.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	AMEX FEE PTJUZF	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	AMEXFEE	KATHERINE M BELL		0.4	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	BEST TAXI INC	KATHERINE M BELL		1.5	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	NATIONAL CAR RENTAL	KIMBERLEE S LEGG		17.54	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	NWA AIR	KATHERINE M BELL		23.65	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	TOUCH OF CLASS TRANSPO	KATHERINE M BELL		2.05	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	UNITED AIR	KIMBERLEE S LEGG		0.34	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	USAIRWAYS	KIMBERLEE S LEGG		5.86	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5860	WINGATE INN VOORHEES	KIMBERLEE S LEGG		13.35	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908				152.94	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	AMEX FEE CYWKWW	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	AMEXFEE	KIMBERLEE S LEGG		0.77	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	CHAMPAGNE LIMO	KIMBERLEE S LEGG		2.92	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	DRURY INN CREVE COEUR	KIMBERLEE S LEGG		5.75	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	NATIONAL CAR RENTAL	KIMBERLEE S LEGG		2.75	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	PHILADELPHIA TAXI	KIMBERLEE S LEGG		2.95	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	UNITED AIR	KIMBERLEE S LEGG		37.01	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5908	WINGATE INN VOORHEES	KIMBERLEE S LEGG		6.68	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5932	AMERICAN AI	ANDREW S TWADELLE		4.33	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5932	AMEXFEE	ANDREW S TWADELLE		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5932	APPLEBEES	KATHARINE M BELL		0.52	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5932	HUCKS	ANDREW S TWADELLE		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5932	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		8.69	
032040	CORP-Business Transformation	575340	Employee Expense	CC	5932	NATIONAL CAR RENTAL	ANDREW S TWADELLE		3.71	

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032040	CORP-Business Transformation	575340	Employee Expense	CC	5953				90.35	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6050	AMERICAN AI	ANDREW S TWADELLE		1.68	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	AMEXFEE	ANDREW S TWADELLE		1.12	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	DELTA AIR	ANDREW S TWADELLE		4.54	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	HESS	ANDREW S TWADELLE		0.73	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		4.65	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	MARRIOTT 33737 PHLDP ARPT	MARIA R HOGAN		5.16	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	NATIONAL CAR RENTAL	ANDREW S TWADELLE		1.27	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	NWA AIR	ANDREW S TWADELLE		2.86	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	PPAPHLY	ANDREW S TWADELLE		0.9	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	SEAVIEW RESORT	ANDREW S TWADELLE		10.81	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6127	USAIRWAYS	ANDREW S TWADELLE		20.74	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	ALOFT	ANDREW S TWADELLE		3.53	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	AMEX FEE JERBRE	ANDREW S TWADELLE		0.45	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	AMEXFEE	ANDREW S TWADELLE		0.11	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	BOSTON TAXI	ANDREW S TWADELLE		2.18	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	COURTYARD BY MARRIOTT DTW	ANDREW S TWADELLE		4.55	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	ELECTRONIC MEDIA SYSTEMS	ANDREW S TWADELLE		0.18	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	PPAPHLY	ANDREW S TWADELLE		1.8	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	RESIDENCE INNS-LINTICUM	ANDREW S TWADELLE		4.5	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	USAIRWAYS	ANDREW S TWADELLE		14.07	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6154	YELLOW CAB/DIGITAL DIS	ANDREW S TWADELLE		0.83	
032040	CORP-Business Transformation	575340	Employee Expense	CC	6865	AMTRAK .COM	RICHARD J POWERS			5.56
032040	CORP-Business Transformation	575340	Employee Expense	CC	6865	FIVE STAR PARKING Q	RICHARD J POWERS			1.25
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5411	CIAO CMH	KIMBERLEE S LEGG	0.13		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5411	HILTON GARDEN INN	KIMBERLEE S LEGG	0.42		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5432	ANTHONY MICHAEL'S C	MARIA R HOGAN	2.94		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5432	PASSARIELLOS PIZZERIA	MARIA R HOGAN	1.47		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5455	CHEZ ELENA WU	ANDREW S TWADELLE	0.6		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5455	HILTON HOTELS F/B	ANDREW S TWADELLE	2.49		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5455	STARBUCKS N2 P	ANDREW S TWADELLE	0.09		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5455	THE FISH MARKET SD	ANDREW S TWADELLE	3.66		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5499			0.56		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5499	JERSEY MIKE SUBS	JENNIFER M DEVINCENTIS	1.78		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5499	STOP & SHOP	JENNIFER M DEVINCENTIS	0.31		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5503			2.17		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5503	JODY MARONI'S	KIMBERLEE S LEGG	0.09		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5503	LONE STAR-VOOR	KIMBERLEE S LEGG	0.99		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5503	PASSARIELLOS PIZZERIA	MARIA R HOGAN	2.09		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5503	STARBUCKS A-	KIMBERLEE S LEGG	0.08		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5503	THE OLIVE GARD	KIMBERLEE S LEGG	0.27		
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5524				1.22	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5544				1.91	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5545	CATELLI RISTORANTE LLC	ANDREW S TWADELLE		7.18	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5567				1.7	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5577				15.32	

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032040	CORP-Business Transformation	575350	Meals Deductible	CC	5577	THE OLIVE GARD	KIMBERLEE S LEGG		0.51	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613				4.02	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613	APPLEBEES	KIMBERLEE S LEGG		0.45	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613	EMBASSY SUITES CHARLESTO	KIMBERLEE S LEGG		0.28	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613	HERSHEY LODGE & CON. C	KIMBERLEE S LEGG		0.95	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613	HERSHEY LODGE RESTAURANT	KIMBERLEE S LEGG		0.13	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613	HILTON GRDN/JACKSONS	KIMBERLEE S LEGG		0.08	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5613	PANERA BREAD	KIMBERLEE S LEGG		0.18	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5637				3.1	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5658				4.41	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5658	WENDYS #1898 Q	KIMBERLEE S LEGG		0.08	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5681				19.29	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5681	COCONUT BAY ASIAN CUISINE	ANDREW S TWADELLE		0.43	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5681	PASSARIELLOS PIZZERIA	ANDREW S TWADELLE		0.42	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725				38.66	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	CASTELLI'S MOONLIGHT	ANDREW S TWADELLE		12.78	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	CIBO BISTRO AND WI	ANDREW S TWADELLE		0.3	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	COCONUT BAY ASIAN CUISINE	ANDREW S TWADELLE		0.45	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	COURTYARD BY MARRIOTT MVY	ANDREW S TWADELLE		0.23	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	FAJITAS	ANDREW S TWADELLE		1.27	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	GRANITE CITY FOOD&BREWERY	FRANCO G BOFFICE		0.78	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	JODY MARONI'S	ANDREW S TWADELLE		0.21	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		0.3	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	MCDONALD'S F	ANDREW S TWADELLE		0.15	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	PASSARIELLOS PIZZERIA	MARIA R HOGAN		6.24	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	STARBUCKS WTA	ANDREW S TWADELLE		0.17	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5725	TEXAS ROADHOUSE #	ANDREW S TWADELLE		0.86	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755				38.72	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	APPLEBEES	ANDREW S TWADELLE		0.58	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	ARIZONA BILTMORE	ANDREW S TWADELLE		0.14	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	BONEFISH	KIMBERLEE S LEGG		2.17	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	CRACKER BARREL #	ANDREW S TWADELLE		0.58	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	DOUBLETREE SUITES LEXINGT	ANDREW S TWADELLE		0.06	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	DUNKIN #337538 Q	KIMBERLEE S LEGG		0.46	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	GENTELINS ON BROADWAY	KIMBERLEE S LEGG		16.95	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	HILTON ST LOUIS AIRPORT	KIMBERLEE S LEGG		0.95	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	JODY MARONI'S	KIMBERLEE S LEGG		0.11	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	MARRIOTT 33710 LAGUARDIA	ANDREW S TWADELLE		0.36	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		0.3	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	STARBUCKS C-	ANDREW S TWADELLE		0.16	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	STARBUCKS N1 P	ANDREW S TWADELLE		0.22	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	THE GROVE-CINCINNATI	ANDREW S TWADELLE		0.21	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5755	TONYS RESTAURANT AND THIR	KIMBERLEE S LEGG		7.62	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774				28.65	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774	APPLEBEES	KIMBERLEE S LEGG		0.56	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774	COSI	KIMBERLEE S LEGG		0.38	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774	DUNKIN #332860 Q	FRANCO G BOFFICE		0.65	

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032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774	PHILADELPHIA FISH & CO	KIMBERLEE S LEGG		1.19	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774	REDSTONE AMERICAN GRILL	FRANCO G BOFFICE		19.93	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5774		KIMBERLEE S LEGG		2.17	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5798				0.95	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5798	CALIFORNIA TORTILLA	ANDREW S TWADELLE		0.3	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5798	DUNKIN #343819 Q	ANDREW S TWADELLE		0.07	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5798	FORK RESTAURANT	ANDREW S TWADELLE		33.62	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5798	RISTORANTE PANORAMA	ANDREW S TWADELLE		16.92	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5798	WENDY'S #0021 Q	ANDREW S TWADELLE		0.14	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5823				5.57	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5823	FORK RESTAURANT	MARIA R HOGAN		4.16	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5823	PASSARIELLOS PIZZERIA	MARIA R HOGAN		1.37	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5823	RENAISSANCE CATERING C	MARIA R HOGAN		8.02	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5823	THE COURTYARD DELI LLC	MARIA R HOGAN		4.75	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5840	GENTELINS ON BROADWAY	ANDREW S TWADELLE		6.46	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5840	HOLIDAY INNS ALTON	ANDREW S TWADELLE		0.65	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5840	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		0.8	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5840	NATIONAL SHRINE OF OUR LA	ANDREW S TWADELLE		0.78	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5840	STARBUCKS C-	ANDREW S TWADELLE		0.26	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5850	KROGER #994 SL	SHANNON HEDGES		1.02	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5850	PANERA BREAD	SHANNON HEDGES		4.34	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5850	RICCI' DELI	SHANNON HEDGES		2.26	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5860	APPLEBEES	KIMBERLEE S LEGG		0.45	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5860	COSI	KIMBERLEE S LEGG		0.37	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5877				5.64	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908				38.83	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908	APPLEBEES	KIMBERLEE S LEGG		0.91	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908	BANGKOK CITY AUTHENTIC T	KIMBERLEE S LEGG		0.69	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908	BLOSSOM DELI	KIMBERLEE S LEGG		0.91	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908	JIMMY JOHN'S	KIMBERLEE S LEGG		0.55	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908	PAPA JOHNS	KIMBERLEE S LEGG		0.8	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5908	YADKIN VALLEY WINEGROW	KIMBERLEE S LEGG		0.28	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5932	AIRPORT SALADWORKS	ANDREW S TWADELLE		0.22	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5932	BRISTOL	ANDREW S TWADELLE		17.32	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5932	CHILI'S C-15 S	ANDREW S TWADELLE		0.26	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5932	HUDSON NEWS-DULLES	ANDREW S TWADELLE		0.18	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5932	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		0.6	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5932	PARADIES #550 Q	ANDREW S TWADELLE		0.18	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5953				20.83	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5975	RENAISSANCE CATERING C	MARIA R HOGAN		12.64	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5975	THE COURTYARD DELI LLC	MARIA R HOGAN		7.65	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	5999				0.29	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6050	COCONUT BAY ASIAN CUISINE	ANDREW S TWADELLE		0.71	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6068				8.1	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6127				4.11	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6127	APPLEBEES	ANDREW S TWADELLE		0.68	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6127	MARRIOTT 33713 ST LOUIS A	ANDREW S TWADELLE		0.78	

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032040	CORP-Business Transformation	575350	Meals Deductible	CC	6127	PARADIES #550 Q	ANDREW S TWADELLE		0.19	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6154	ALOFT LEXINGTON FB	ANDREW S TWADELLE		0.16	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6154	AUNTIE ANNES M	ANDREW S TWADELLE		0.11	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6154	STARBUCKS MD-T	ANDREW S TWADELLE		0.16	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6154	STARBUCKS USAI	ANDREW S TWADELLE		0.1	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6154	THE GROVE-CINCINNATI	ANDREW S TWADELLE		0.2	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6484	PAYPAL INSTITUTEIN	GEORGE T CROASDALE		2.24	
032040	CORP-Business Transformation	575350	Meals Deductible	CC	6783					3.13
032040	CORP-Business Transformation	575350	Meals Deductible	CC	7116	FOODWERX	BETH A RONKETTY			19.74
032040	CORP-Business Transformation	575350	Meals Deductible	CC	7116	HEALTHY GARDENANDGOURMET	BETH A RONKETTY			1.68
032040	CORP-Business Transformation	575350	Meals Deductible	CC	7116	PASSARIELLO PIZZERIA -	BETH A RONKETTY			5.13
032040	CORP-Business Transformation	575350	Meals Deductible	PV	42226341	HSBC Business Solutions Remit	acct# 7003 7300		1.14	
032040 Total	**CORP-Business Transformation**							**$ 129.91**	**$ 2,004.83**	**$ 36.49**
032068	CORP-Marketing	575340	Employee Expense	CC	4268	AMERICAN AI	KRISTIN C FERGUSON	3.56		
032068	CORP-Marketing	575340	Employee Expense	CC	4268	USAIRWAYS	KRISTIN C FERGUSON	9.36		
032068	CORP-Marketing	575340	Employee Expense	CC	4382	AMEXFEE	KRISTIN C FERGUSON	0.34		
032068	CORP-Marketing	575340	Employee Expense	CC	4382	UNITED AIR	KRISTIN C FERGUSON	11.48		
032068	CORP-Marketing	575340	Employee Expense	CC	4382	WINGATE INN VOORHEES	KRISTIN C FERGUSON	2.17		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	05411 PKWY-WLNT TWRS G	MARYBETH VREES	0.47		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	BOURSE GARAGE ASSOC LP	KRISTIN C FERGUSON	0.18		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	LADY LIBERTY TRANSPORT	MICHAEL J HERBS	4.16		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	MANCHESTER AIRPORT	MARYBETH VREES	1.2		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	MARRIOTT 33737 PHLDP ARPT	MICHAEL J HERBS	5.23		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	MARRIOTT 33747 MARCO IS	MARYBETH VREES	23.03		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	NATIONAL CAR RENTAL	MARYBETH VREES	5.63		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	PPAPHLY	MICHAEL J HERBS	0.76		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	SHELL STATION	MARYBETH VREES	0.34		
032068	CORP-Marketing	575340	Employee Expense	CC	4407	SOUTHWESTAIR	MARYBETH VREES	8.18		
032068	CORP-Marketing	575340	Employee Expense	CC	4429	MARRIOTT 33737 PHLDP ARPT	KIMBERLY A SELBY	32.1		
032068	CORP-Marketing	575340	Employee Expense	CC	4436	AMEXFEE	MICHAEL J HERBS	0.34		
032068	CORP-Marketing	575340	Employee Expense	CC	4436	EXXONMOBIL	MICHAEL J HERBS	0.45		
032068	CORP-Marketing	575340	Employee Expense	CC	4436	HILTON GARDEN INN MNCH	MICHAEL J HERBS	5.12		
032068	CORP-Marketing	575340	Employee Expense	CC	4436	NATIONAL CAR RENTAL	MICHAEL J HERBS	4.36		
032068	CORP-Marketing	575340	Employee Expense	CC	4436	PPAPHLY	MICHAEL J HERBS	1.15		
032068	CORP-Marketing	575340	Employee Expense	CC	4436	SOUTHWESTAIR	MICHAEL J HERBS	5.33		
032068	CORP-Marketing	575340	Employee Expense	CC	4481	MARRIOTT 33737 PHLDP ARPT	LAURA L MONICA	9.23		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	AMEXFEE	MICHAEL J HERBS	0.34		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	EXXONMOBIL	MICHAEL J HERBS	0.38		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	HILTON GARDEN INN MNCH	MICHAEL J HERBS	5.12		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	IBAHN GENERAL HOLDINGS	MARYBETH VREES	0.14		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	MANCHESTER AIRPORT	MARYBETH VREES	1.2		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	MARRIOTT 33737 PHLDP ARPT	MARYBETH VREES	4.85		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	NATIONAL CAR RENTAL	MICHAEL J HERBS	3.75		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	PPAPHLY	MICHAEL J HERBS	1.15		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	SOUTHWESTAIR	MARYBETH VREES	6.01		
032068	CORP-Marketing	575340	Employee Expense	CC	4525	USAIRWAYS	MICHAEL J HERBS	5.33		
032068	CORP-Marketing	575340	Employee Expense	CC	4592	AMERICAN AI	KRISTIN C FERGUSON	9.34		

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032068	CORP-Marketing	575340	Employee Expense	CC	4592	WINGATE INN VOORHEES	KRISTIN C FERGUSON	2.23		
032068	CORP-Marketing	575340	Employee Expense	CC	4625	HAMILTON STATION PARK AND	KIMBERLY A SELBY	0.14		
032068	CORP-Marketing	575340	Employee Expense	CC	4625	NJT HAMLILTON TV	KIMBERLY A SELBY	0.54		
032068	CORP-Marketing	575340	Employee Expense	CC	4625	NJT NY PENN STATION TV	KIMBERLY A SELBY	0.54		
032068	CORP-Marketing	575340	Employee Expense	CC	4625	NYC-TAXI	KIMBERLY A SELBY	0.73		
032068	CORP-Marketing	575340	Employee Expense	CC	4635	AMEX FEE CNUYLZ	MARYBETH VREES	0.34		
032068	CORP-Marketing	575340	Employee Expense	CC	4635	AMTRAK - JUL	MARYBETH VREES	3.87		
032068	CORP-Marketing	575340	Employee Expense	CC	4635	ENTERPRISE RENT-A-CAR	MARYBETH VREES	2.53		
032068	CORP-Marketing	575340	Employee Expense	CC	4635	MANCHESTER AIRPORT	MARYBETH VREES	0.77		
032068	CORP-Marketing	575340	Employee Expense	CC	4635	NATIONAL CAR RENTAL	MARYBETH VREES	4.04		
032068	CORP-Marketing	575340	Employee Expense	CC	4635	SOUTHWESTAIR	MARYBETH VREES	2.66		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	AMEXFEE	MARYBETH VREES	0.68		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	EVERGREEN AIRPORT SE	MARYBETH VREES	3.38		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	HILTON HOTELS MILLENIM	KRISTIN C FERGUSON	19.9		
032068	CORP-Marketing	575340	Employee Expense	CC	4698		MICHAEL J HERBS	19.49		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	LOGICLINK HILTON MILL	KRISTIN C FERGUSON	0.06		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	MILLENIUM HILTON F&B	KRISTIN C FERGUSON	1.18		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	NYC-TAXI	KRISTIN C FERGUSON	1.01		
032068	CORP-Marketing	575340	Employee Expense	CC	4698		MICHAEL J HERBS	0.2		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	SOUTHWESTAIR	MARYBETH VREES	8.55		
032068	CORP-Marketing	575340	Employee Expense	CC	4698	TAXI-NYC	KRISTIN C FERGUSON	0.54		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	05411 PKWY-WLNT TWRS G	MARYBETH VREES	0.54		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	AMEXFEE	MICHAEL J HERBS	1.35		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	HILTON HOTELS MILLENIM	LAURA L MONICA	26.9		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	MANCHESTER AIRPORT	MARYBETH VREES	0.77		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	NATIONAL CAR RENTAL	MARYBETH VREES	0		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	USAIRWAYS	MARYBETH VREES	24.73		
032068	CORP-Marketing	575340	Employee Expense	CC	4722		MICHAEL J HERBS	19.98		
032068	CORP-Marketing	575340	Employee Expense	CC	4722	VOORHEES GAS	MARYBETH VREES	0.22		
032068	CORP-Marketing	575340	Employee Expense	CC	4754	JOBTARGET LLC	ROSEMARY D PANZANO	7.28		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	AMEXFEE	KRISTIN C VILLECCO	0.22		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	BASSETT'S CAFE	KRISTIN C VILLECCO	0.17		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	DELTA AIR	KRISTIN C VILLECCO	11.07		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	HILTON GARDEN INN MNCH	KRISTIN C VILLECCO	27.04		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	KOKOTE TAXI	KRISTIN C VILLECCO	1.04		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	MANCHESTER AIRPORT	MARYBETH VREES	1.15		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	MARRIOTT DWTWN ATLANTA	KRISTIN C VILLECCO	21.07		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	MCCORMICK & SCHMICK'S	KRISTIN C VILLECCO	3.83		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	NATIONAL CAR RENTAL	KRISTIN C VILLECCO	7.14		
032068	CORP-Marketing	575340	Employee Expense	CC	4853		MARYBETH VREES	5.91		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	QUIZNOS MHT	KRISTIN C VILLECCO	0.26		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	SOUTHWESTAIR	KRISTIN C VILLECCO	33.25		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	THE BORGATA	MARYBETH VREES	10.82		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	USAIRWAYS	KRISTIN C VILLECCO	21.48		
032068	CORP-Marketing	575340	Employee Expense	CC	4853	WAYPORT INTERNET SVCS	KRISTIN C VILLECCO	0.42		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	AMEX FEE MVKNMD	MARYBETH VREES	0.45		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	AMEX FEE NPHQAM	MARYBETH VREES	0.56		

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032068	CORP-Marketing	575340	Employee Expense	CC	4875	AMEXFEE	MARYBETH VREES	0.11		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	CROWNE PLAZA PHILADELPHI	MARYBETH VREES	7.62		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	DELTA AIR	MARYBETH VREES	9.71		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	EMBASSY SUITES CHARLESTO	MARYBETH VREES	7.51		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	ENTERPRISE RENT-A-CAR	MARYBETH VREES	1.26		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	LUKOIL	MARYBETH VREES	0.26		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	MANCHESTER AIRPORT	MARYBETH VREES	3.07		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	NATIONAL CAR RENTAL	MARYBETH VREES	4.59		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	NYC-TAXI	MARYBETH VREES	0.71		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	PHIL-TAXI	MARYBETH VREES	0.71		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	SOUTHWESTAIR	MARYBETH VREES	5.42		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	THE CHATTANOOGAN	MARYBETH VREES	3.78		
032068	CORP-Marketing	575340	Employee Expense	CC	4875	USAIRWAYS	MARYBETH VREES	26.64		
032068	CORP-Marketing	575340	Employee Expense	CC	4934	HAMILTON STATION PARK AND	KIMBERLY A SELBY	0.41		
032068	CORP-Marketing	575340	Employee Expense	CC	4934	HILTON GARDEN INN MNCH	KIMBERLY A SELBY	15.5		
032068	CORP-Marketing	575340	Employee Expense	CC	4934	HILTON HOTELS MILLENIM	KIMBERLY A SELBY	21.99		
032068	CORP-Marketing	575340	Employee Expense	CC	4934	TURNSTYLES TICKETING	KIMBERLY A SELBY	0.59		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	ABATE TAXI	MICHAEL J HERBS	0.79		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	AMEXFEE	MICHAEL J HERBS	0.45		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	EXXONMOBIL	MICHAEL J HERBS	0.31		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	HILTON GARDEN INN MNCH	MICHAEL J HERBS	7.24		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	MARRIOTT DWTWN ATLANTA	MICHAEL J HERBS	10.09		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	NATIONAL CAR RENTAL	MICHAEL J HERBS	4.29		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	PPAPHLY	MICHAEL J HERBS	2.3		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	THE ATLANTA LINK	MICHAEL J HERBS	0.37		
032068	CORP-Marketing	575340	Employee Expense	CC	4955	USAIRWAYS	MICHAEL J HERBS	14.44		
032068	CORP-Marketing	575340	Employee Expense	CC	5049	MANCHESTER AIRPORT	MARYBETH VREES	1.14		
032068	CORP-Marketing	575340	Employee Expense	CC	5049	NYC-TAXI	MARYBETH VREES	2.25		
032068	CORP-Marketing	575340	Employee Expense	CC	5049	SOUTHWESTAIR	MARYBETH VREES	12.74		
032068	CORP-Marketing	575340	Employee Expense	CC	5069	MANCHESTER AIRPORT	MARYBETH VREES	0.61		
032068	CORP-Marketing	575340	Employee Expense	CC	5069	NYC-TAXI	MARYBETH VREES	0.78		
032068	CORP-Marketing	575340	Employee Expense	CC	5069	SOUTHWESTAIR	MARYBETH VREES	5.56		
032068	CORP-Marketing	575340	Employee Expense	CC	5137	AMEXFEE	KRISTIN C VILLECCO	0.11		
032068	CORP-Marketing	575340	Employee Expense	CC	5137	USAIRWAYS	KRISTIN C VILLECCO	17.59		
032068	CORP-Marketing	575340	Employee Expense	CC	5161	MANCHESTER AIRPORT	MARYBETH VREES	0.65		
032068	CORP-Marketing	575340	Employee Expense	CC	5161	SOUTHWESTAIR	MARYBETH VREES	12.46		
032068	CORP-Marketing	575340	Employee Expense	CC	5182	FEDEX KINKO'S	MARYBETH VREES	0.17		
032068	CORP-Marketing	575340	Employee Expense	CC	5182	MANCHESTER AIRPORT	MARYBETH VREES	0.77		
032068	CORP-Marketing	575340	Employee Expense	CC	5204	AMERICAN AI	ANNA MARIE RILEY	6.04		
032068	CORP-Marketing	575340	Employee Expense	CC	5204	AMEXFEE	ANNA MARIE RILEY	0.2		
032068	CORP-Marketing	575340	Employee Expense	CC	5204	HOLIDAY INNS ALTON	ANNA MARIE RILEY	9.14		
032068	CORP-Marketing	575340	Employee Expense	CC	5204	PPAPHLY	ANNA MARIE RILEY	1.22		
032068	CORP-Marketing	575340	Employee Expense	CC	5204	USAIRWAYS	ANNA MARIE RILEY	14.7		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	AIRPORT TAXI MITCH	KRISTIN C VILLECCO	0.64		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	BP OIL	MICHAEL J HERBS	0.99		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	EXXONMOBIL	MICHAEL J HERBS	0.2		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	HILTON GARDEN INN MNCH	MICHAEL J HERBS	3.86		

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032068	CORP-Marketing	575340	Employee Expense	CC	5229	HOLYOKE CENTER GARAGE	MICHAEL J HERBS	0.63		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	NATIONAL CAR RENTAL	MICHAEL J HERBS	13.12		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	OMNI HOTELS RICHMOND	KRISTIN C VILLECCO	3.66		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	PPAPHLY	MICHAEL J HERBS	2.25		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	RICHMOND INT'L AIRPORT	KRISTIN C VILLECCO	0.38		
032068	CORP-Marketing	575340	Employee Expense	CC	5229	SPEED GAS	MICHAEL J HERBS	0.47		
032068	CORP-Marketing	575340	Employee Expense	CC	5251	SOUTHWESTAIR	MARYBETH VREES	46.07		
032068	CORP-Marketing	575340	Employee Expense	CC	5274	MANCHESTER AIRPORT	MARYBETH VREES	0.65		
032068	CORP-Marketing	575340	Employee Expense	CC	5274	NYC-TAXI	MARYBETH VREES	2.37		
032068	CORP-Marketing	575340	Employee Expense	CC	5274	SOUTHWESTAIR	MICHAEL J HERBS	27.26		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	HAMILTON STATION PARK AND	KIMBERLY A SELBY	0.47		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	HILTON GARDEN INN MNCH	KIMBERLY A SELBY	3.86		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	MILLENNIUM BROADWAY	KIMBERLY A SELBY	29.8		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	NJT HAMLILTON TV	KIMBERLY A SELBY	0.46		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	NYC TAXI MED 5M	KIMBERLY A SELBY	0.31		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	NYC-TAXI	KIMBERLY A SELBY	0.31		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	SOUTHWESTAIR	MICHAEL J HERBS	-27.26		
032068	CORP-Marketing	575340	Employee Expense	CC	5296	USAIRWAYS	KIMBERLY A SELBY	20.12		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	CHEVRON	MARYBETH VREES	0.52		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	ELDORADO HOTEL-FRONT D	MARYBETH VREES	18.24		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	FEDEX KINKO'S	MARYBETH VREES	5.85		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	MANCHESTER AIRPORT	MARYBETH VREES	2.05		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	NYC-TAXI	MARYBETH VREES	0.4		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	SOUTHWESTAIR	MICHAEL J HERBS	6.35		
032068	CORP-Marketing	575340	Employee Expense	CC	5321	USAIRWAYS	MICHAEL J HERBS	4.48		
032068	CORP-Marketing	575340	Employee Expense	CC	534S	SOUTHWESTAIR	ANNA MARIE RILEY	8.12		
032068	CORP-Marketing	575340	Employee Expense	CC	5367	HILTON GARDEN INN MNCH	MICHAEL J HERBS	3.13		
032068	CORP-Marketing	575340	Employee Expense	CC	5367	PPAPHLY	MICHAEL J HERBS	0.9		
032068	CORP-Marketing	575340	Employee Expense	CC	5367	USAIRWAYS	KIMBERLY A SELBY	4.02		
032068	CORP-Marketing	575340	Employee Expense	CC	5388	BUSINESS EXPRESS/741OAKA	MICHAEL J HERBS	0.06		
032068	CORP-Marketing	575340	Employee Expense	CC	5388	CARIBE ROYALE RESORT SUT	MICHAEL J HERBS	18.04		
032068	CORP-Marketing	575340	Employee Expense	CC	5388	PPAPHLY	MICHAEL J HERBS	1.8		
032068	CORP-Marketing	575340	Employee Expense	CC	5388	USAIRWAYS	MICHAEL J HERBS	0.34		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	AMEXFEE	KRISTIN C VILLECCO	0.11		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	CARIBE ROYALE RESORT SUT	KIMBERLY A SELBY	16.51		
032068	CORP-Marketing	575340	Employee Expense	CC	5411		MARYBETH VREES	15.14		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	CITY CAB CO OF ORLANDO	KIMBERLY A SELBY	1.15		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	MANCHESTER AIRPORT	MARYBETH VREES	2.18		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	MEARS LUXURY DIVISION	KIMBERLY A SELBY	0.32		
032068	CORP-Marketing	575340	Employee Expense	CC	5411		MARYBETH VREES	0.95		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	MEARS TRANS. AIRPORT	MARYBETH VREES	0.72		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	NYC-TAXI	KIMBERLY A SELBY	1.3		
032068	CORP-Marketing	575340	Employee Expense	CC	5411		MARYBETH VREES	2.26		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	PPAPHLY	KRISTIN C VILLECCO	3.42		
032068	CORP-Marketing	575340	Employee Expense	CC	5411	USAIRWAYS	KIMBERLY A SELBY	1.1		
032068	CORP-Marketing	575340	Employee Expense	CC	5411		KRISTIN C VILLECCO	5.94		
032068	CORP-Marketing	575340	Employee Expense	CC	5455	SOUTHWESTAIR	MARYBETH VREES	-19.51		

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032068	CORP-Marketing	575340	Employee Expense	CC	5481	MEAR5 LUXURY DIVISION	MARYBETH VREES	0.32		
032068	CORP-Marketing	575340	Employee Expense	CC	5481	5OUTHWESTAIR	MARYBETH VREES	32.43		
032068	CORP-Marketing	575340	Employee Expense	CC	5503	CARIBE ROYALE RESORT SUT	KRISTIN C VILLECCO	32.99		
032068	CORP-Marketing	575340	Employee Expense	CC	5503	CHECKHER CAB	KRISTIN C VILLECCO	1.49		
032068	CORP-Marketing	575340	Employee Expense	CC	5503	MARRIOTT 337E0 ORL WC-F/B	KRISTIN C VILLECCO	0.44		
032068	CORP-Marketing	575340	Employee Expense	CC	5503	PASSARIELLOS PIZZERIA	KRISTIN C VILLECCO	0.16		
032068	CORP-Marketing	575340	Employee Expense	CC	5503	USAIRWAYS	KRISTIN C VILLECCO	1.81		
032068	CORP-Marketing	575340	Employee Expense	CC	5524	HILTON GARDEN INN MNCH	MICHAEL J HERBS		8.01	
032068	CORP-Marketing	575340	Employee Expense	CC	5545	A O K CO	MARYBETH VREES		1.89	
032068	CORP-Marketing	575340	Employee Expense	CC	5545	HILTON GARDEN INN MNCH	KIMBERLY A SELBY		8.71	
032068	CORP-Marketing	575340	Employee Expense	CC	5545	MANCHESTER AIRPORT	MARYBETH VREES		0.77	
032068	CORP-Marketing	575340	Employee Expense	CC	5545	NYC-TAXI	MARYBETH VREES		1.48	
032068	CORP-Marketing	575340	Employee Expense	CC	5613	HILTON GARDEN INN MNCH	MICHAEL J HERBS		6.84	
032068	CORP-Marketing	575340	Employee Expense	CC	5613	NATIONAL CAR RENTAL	MICHAEL J HERBS		3	
032068	CORP-Marketing	575340	Employee Expense	CC	5613	USAIRWAYS	MICHAEL J HERBS		5.25	
032068	CORP-Marketing	575340	Employee Expense	CC	5613	WYNN LAS VEGAS HOTEL	ANNA MARIE RILEY		5.59	
032068	CORP-Marketing	575340	Employee Expense	CC	5637	AMEXFEE	MARYBETH VREES		0.22	
032068	CORP-Marketing	575340	Employee Expense	CC	5637	MANCHESTER AIRPORT	MARYBETH VREES		0.77	
032068	CORP-Marketing	575340	Employee Expense	CC	5637	NYC-TAXI	MARYBETH VREES		3.53	
032068	CORP-Marketing	575340	Employee Expense	CC	5637	SOUTHWESTAIR	MARYBETH VREES		47.44	
032068	CORP-Marketing	575340	Employee Expense	CC	5637	U5AIRWAYS	MARYBETH VREES		26.06	
032068	CORP-Marketing	575340	Employee Expense	CC	5681	AMEXFEE	ANNA MARIE RILEY		0.1	
032068	CORP-Marketing	575340	Employee Expense	CC	5681	USAIRWAYS	ANNA MARIE RILEY		6.31	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	HILTON GARDEN INN MNCH	KIMBERLY A SELBY		7.75	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	HOTELS.COM	KIMBERLY A SELBY		21.74	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	LAMBERT ST. LOUIS	THOMA5 A HERRMANN		2.04	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	NATIONAL CAR RENTAL	THOMAS A HERRMANN		6.06	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	PPAPHLY	KIMBERLY A SELBY		0.97	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	SOUTHWESTAIR	KIMBERLY A SELBY		2.89	
032068	CORP-Marketing	575340	Employee Expense	CC	5704		THOMAS A HERRMANN		4.44	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	USAIRWAYS	KIMBERLY A SELBY		15.72	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	WINGATE INN VOORHEE5	THOMA5 A HERRMANN		8.78	
032068	CORP-Marketing	575340	Employee Expense	CC	5704	WYNN LAS VEGAS HOTEL	KIMBERLY A SELBY		6.35	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	EXXONMOBIL	MICHAEL J HERBS		0.36	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	HILTON GARDEN INN MNCH	MICHAEL J HERBS		3.13	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	HYATT HOTELS SCOTTSDALE	MARYBETH VREES		40.45	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	NATIONAL CAR RENTAL	MICHAEL J HERBS		7.51	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	PPAPHLY	MICHAEL J HERBS		2.25	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	SOUTHWE5TAIR	MARYBETH VREES		0.56	
032068	CORP-Marketing	575340	Employee Expense	CC	5725	USAIRWAYS	MICHAEL J HERBS		4.71	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	EXXONMOBIL	MICHAEL J HERBS		0.54	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	HILTON GARDEN INN HRSY	MARYBETH VREES		2.72	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	HILTON GARDEN INN MNCH	MICHAEL J HERBS		6.83	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	HILTON GRDN/JACKSONS	MARYBETH VREES		3.65	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	HOLIDAY INN EXPRESS	MARYBETH VREES		3.12	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	MANCHESTER AIRPORT	MARYBETH VREES		1.53	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	NATIONAL CAR RENTAL	MARYBETH VREES		4.71	

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032068	CORP-Marketing	575340	Employee Expense	CC	5755		MICHAEL J HERBS		9.14	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	PARK AMERICA	MARYBETH VREES		0.9	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	SOUTHWESTAIR	MARYBETH VREES		6.46	
032068	CORP-Marketing	575340	Employee Expense	CC	5755	USAIRWAYS	MICHAEL J HERBS		0.34	
032068	CORP-Marketing	575340	Employee Expense	CC	5774	FASTRACK AIRPORT PARKING	ANNA MARIE RILEY		0.91	
032068	CORP-Marketing	575340	Employee Expense	CC	5774	TAXIPASS	ANNA MARIE RILEY		0.44	
032068	CORP-Marketing	575340	Employee Expense	CC	5774	USAIRWAYS	ANNA MARIE RILEY		0.3	
032068	CORP-Marketing	575340	Employee Expense	CC	5774	WYNN LAS VEGAS HOTEL	ANNA MARIE RILEY		14.46	
032068	CORP-Marketing	575340	Employee Expense	CC	5798	MANCHESTER AIRPORT	MARYBETH VREES		1.37	
032068	CORP-Marketing	575340	Employee Expense	CC	5798	NYC-TAXI	MARYBETH VREES		2.36	
032068	CORP-Marketing	575340	Employee Expense	CC	5798	SOUTHWESTAIR	MARYBETH VREES		6.46	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	AMTRACK NORTH DECK #	KIMBERLY A SELBY		2.5	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	AMTRAK .COM	KIMBERLY A SELBY		7.2	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	CHERRY VALLEY TRANSPORTAT	MARYBETH VREES		1.78	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	HILTON GARDEN INN MNCH	KIMBERLY A SELBY		12.23	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	HOTELS.COM	KIMBERLY A SELBY		14.49	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	MANCHESTER AIRPORT	MARYBETH VREES		0.77	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	NYC-TAXI	KIMBERLY A SELBY		0.8	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	PHILADELPHIA TAXI	MARYBETH VREES		1.44	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	PPAPHLY	KIMBERLY A SELBY		2.25	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	USAIRWAYS	ANNA MARIE RILEY		0.3	
032068	CORP-Marketing	575340	Employee Expense	CC	5823		KIMBERLY A SELBY		12.78	
032068	CORP-Marketing	575340	Employee Expense	CC	5823	WYNN LAS VEGAS HOTEL	KIMBERLY A SELBY		23.67	
032068	CORP-Marketing	575340	Employee Expense	CC	5908	AMEX FEE NHAMZM	THOMAS A HERRMANN		0.11	
032068	CORP-Marketing	575340	Employee Expense	CC	5908	AVIS RENT-A-CAR	THOMAS A HERRMANN		3.58	
032068	CORP-Marketing	575340	Employee Expense	CC	5908	SHELL OIL	THOMAS A HERRMANN		0.2	
032068	CORP-Marketing	575340	Employee Expense	CC	5908	WINGATE INN VOORHEES	THOMAS A HERRMANN		4.39	
032068	CORP-Marketing	575340	Employee Expense	CC	5932	MANCHESTER AIRPORT	MARYBETH VREES		1.28	
032068	CORP-Marketing	575340	Employee Expense	CC	5932	NATIONAL CAR RENTAL	MARYBETH VREES		7.09	
032068	CORP-Marketing	575340	Employee Expense	CC	5932	PARK AMERICA	MARYBETH VREES		0.9	
032068	CORP-Marketing	575340	Employee Expense	CC	5932	RENAISSANCE HOTELS STL AP	MARYBETH VREES		6.86	
032068	CORP-Marketing	575340	Employee Expense	CC	5932	SOUTHWESTAIR	MARYBETH VREES		6.62	
032068	CORP-Marketing	575340	Employee Expense	CC	5953	SOUTHWESTAIR	MARYBETH VREES		23.09	
032068	CORP-Marketing	575340	Employee Expense	CC	5953		THOMAS A HERRMANN		4.56	
032068	CORP-Marketing	575340	Employee Expense	CC	5975	DOUBLETREE SUITES LEXINGT	THOMAS A HERRMANN		5.46	
032068	CORP-Marketing	575340	Employee Expense	CC	5975	ENTERPRISE RENT-A-CAR	THOMAS A HERRMANN		2.56	
032068	CORP-Marketing	575340	Employee Expense	CC	5975	FIVE STAR	THOMAS A HERRMANN		0.48	
032068	CORP-Marketing	575340	Employee Expense	CC	5975	ONE STOP 2	THOMAS A HERRMANN		0.48	
032068	CORP-Marketing	575340	Employee Expense	CC	5999	MANCHESTER AIRPORT	MARYBETH VREES		0.77	
032068	CORP-Marketing	575340	Employee Expense	CC	5999	NATIONAL CAR RENTAL	MARYBETH VREES		2.61	
032068	CORP-Marketing	575340	Employee Expense	CC	5999	PARK AMERICA	MARYBETH VREES		0.45	
032068	CORP-Marketing	575340	Employee Expense	CC	6050	SOUTHWESTAIR	THOMAS A HERRMANN		6.05	
032068	CORP-Marketing	575340	Employee Expense	CC	6068	AMTRACK NORTH DECK #	MICHAEL J HERBS		2.16	
032068	CORP-Marketing	575340	Employee Expense	CC	6068	AMTRAK .COM	ANNA MARIE RILEY		19.01	
032068	CORP-Marketing	575340	Employee Expense	CC	6068	ENTERPRISE RENT-A-CAR	MICHAEL J HERBS		2.96	
032068	CORP-Marketing	575340	Employee Expense	CC	6068	HILTON GARDEN INN MNCH	ANNA MARIE RILEY		9.98	
032068	CORP-Marketing	575340	Employee Expense	CC	6068		MICHAEL J HERBS		10.86	

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032068	CORP-Marketing	575340	Employee Expense	CC	6068	NORWOOD IRVING	MICHAEL J HERBS		0.7	
032068	CORP-Marketing	575340	Employee Expense	CC	6106	MANCHESTER AIRPORT	MARYBETH VREES		0.56	
032068	CORP-Marketing	575340	Employee Expense	CC	6106	PHILADELPHIA TAXI	MARYBETH VREES		1.49	
032068	CORP-Marketing	575340	Employee Expense	CC	6106	SOUTHWESTAIR	MARYBETH VREES		0.05	
032068	CORP-Marketing	575340	Employee Expense	CC	6127	COSI # 173 Q	KIMBERLY A SELBY		0.54	
032068	CORP-Marketing	575340	Employee Expense	CC	6127	HILTON GARDEN INN MNCH	KIMBERLY A SELBY		13.33	
032068	CORP-Marketing	575340	Employee Expense	CC	6154	DELTA AIR	KRISTIN C VILLECCO		12.16	
032068	CORP-Marketing	575340	Employee Expense	CC	6154	LAMBERT ST. LOUIS	THOMAS A HERRMANN		1.51	
032068	CORP-Marketing	575340	Employee Expense	CC	6154	MARRIOTT 33737 PHLDP ARPT	THOMAS A HERRMANN		14.35	
032068	CORP-Marketing	575340	Employee Expense	CC	6223	SOUTHWESTAIR	MARYBETH VREES		6.6	
032068	CORP-Marketing	575340	Employee Expense	CC	6246	SOUTHWESTAIR	MICHAEL J HERBS		5.14	
032068	CORP-Marketing	575340	Employee Expense	CC	6246	USAIRWAYS	MICHAEL J HERBS		2.76	
032068	CORP-Marketing	575340	Employee Expense	CC	6293	COMFORT INNS ORLAND PARK	MICHAEL J HERBS		9.16	
032068	CORP-Marketing	575340	Employee Expense	CC	6293	HOLIDAY INN EXPRESS HOTEL	MICHAEL J HERBS		10.23	
032068	CORP-Marketing	575340	Employee Expense	CC	6293	NATIONAL CAR RENTAL	MICHAEL J HERBS		10.81	
032068	CORP-Marketing	575340	Employee Expense	CC	6293	PPAPHLY	MICHAEL J HERBS		1.8	
032068	CORP-Marketing	575340	Employee Expense	CC	6293	SPEEDWAY 01323 N M	MICHAEL J HERBS		0.61	
032068	CORP-Marketing	575340	Employee Expense	CC	6293	USAIRWAYS	MICHAEL J HERBS		0.45	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	BEST BUY	MARYBETH VREES		-44.51	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	NATIONAL CAR RENTAL	MARYBETH VREES		3.93	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	OLDE CITY TAXI	MARYBETH VREES		0.77	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	PARK AMERICA	MARYBETH VREES		0.45	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	PHILADELPHIA TAXI	MARYBETH VREES		0.77	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	PROVIDENCE AIRPORT A	MARYBETH VREES		2.45	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	SOUTHWESTAIR	MARYBETH VREES		33.91	
032068	CORP-Marketing	575340	Employee Expense	CC	6313	WINGATE INN VOORHEES	MARYBETH VREES		2.23	
032068	CORP-Marketing	575340	Employee Expense	CC	6335	AMEXFEE	MARYBETH VREES		0.9	
032068	CORP-Marketing	575340	Employee Expense	CC	6335	USAIRWAYS	MARYBETH VREES		8.47	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	DELTA AIR	THOMAS A HERRMANN		5.79	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	LAMBERT ST. LOUIS	THOMAS A HERRMANN		2.8	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	LUKOIL	THOMAS A HERRMANN		0.17	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	NATIONAL CAR RENTAL	THOMAS A HERRMANN		5.9	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	NWA AIR	THOMAS A HERRMANN		0.44	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	RESIDENCE INNS PENSACOLA	THOMAS A HERRMANN		5.4	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	SHELL OIL	THOMAS A HERRMANN		0.25	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	SOUTHWESTAIR	THOMAS A HERRMANN		5.69	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	VARONAS	THOMAS A HERRMANN		0.26	
032068	CORP-Marketing	575340	Employee Expense	CC	6355	WINGATE INN VOORHEES	THOMAS A HERRMANN		6.59	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	ALEXANDREHSTELES@HOTMAIL.	MARYBETH VREES		0.66	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	CORONADO LIVERY	MARYBETH VREES		0.24	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	DOUBLETREE SUITES LEXINGT	MARYBETH VREES		2.53	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	GLORIETTA BAY INN	MARYBETH VREES		10.7	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	NEW YORK PALACE HOTEL	MARYBETH VREES		7.3	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	NOE RABADAN TAXI	MARYBETH VREES		0.2	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	O AND H CAB	MARYBETH VREES		0.72	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	OFFICE DEPOT	CLARK VAN DER BEKEN		0.93	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	PHILADELPHIA TAXI	MARYBETH VREES		1.38	

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032068	CORP-Marketing	575340	Employee Expense	CC	6378	PROVIDENCE AIRPORT A	MARYBETH VREES		4.01	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	SOUTHWESTAIR	THOMAS A HERRMANN		3.46	
032068	CORP-Marketing	575340	Employee Expense	CC	6378	USAIRWAYS	MARYBETH VREES		4.67	
032068	CORP-Marketing	575340	Employee Expense	CC	6378		MICHAEL J HERBS		5.85	
032068	CORP-Marketing	575340	Employee Expense	CC	6385	AMEXFEE	KRISTIN C VILLECCO		0.11	
032068	CORP-Marketing	575340	Employee Expense	CC	6385	DELTA AIR	CLARK VAN DER BEKEN		0	
032068	CORP-Marketing	575340	Employee Expense	CC	6385		KRISTIN C VILLECCO		0	
032068	CORP-Marketing	575340	Employee Expense	CC	6385	PHILLIES TICKETS	CLARK VAN DER BEKEN		0	
032068	CORP-Marketing	575340	Employee Expense	CC	6385	USAIRWAYS	KRISTIN C VILLECCO		7.59	
032068	CORP-Marketing	575340	Employee Expense	CC	6442	SOUTHWESTAIR	MICHAEL J HERBS		9.54	
032068	CORP-Marketing	575340	Employee Expense	CC	6462	7-ELEVEN	MICHAEL J HERBS		0.35	
032068	CORP-Marketing	575340	Employee Expense	CC	6462	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS		6.74	
032068	CORP-Marketing	575340	Employee Expense	CC	6462	HOLIDAY INN	MICHAEL J HERBS		3.43	
032068	CORP-Marketing	575340	Employee Expense	CC	6462	NATIONAL CAR RENTAL	MICHAEL J HERBS		4.05	
032068	CORP-Marketing	575340	Employee Expense	CC	6462	PPAPHLY	MICHAEL J HERBS		1.35	
032068	CORP-Marketing	575340	Employee Expense	CC	6462	USAIRWAYS	MICHAEL J HERBS		8.23	
032068	CORP-Marketing	575340	Employee Expense	CC	6484	PAYPAL INSTITUTEIN	CLARK VAN DER BEKEN		5.33	
032068	CORP-Marketing	575340	Employee Expense	CC	6484		KRISTIN C VILLECCO		17.21	
032068	CORP-Marketing	575340	Employee Expense	CC	6484		MARYBETH VREES		8.78	
032068	CORP-Marketing	575340	Employee Expense	CC	6484		MICHAEL J HERBS		44.55	
032068	CORP-Marketing	575340	Employee Expense	CC	6529	HILTON ONTARIO#	MARYBETH VREES		8.94	
032068	CORP-Marketing	575340	Employee Expense	CC	6529	PROVIDENCE AIRPORT A	MARYBETH VREES		1.89	
032068	CORP-Marketing	575340	Employee Expense	CC	6529	SHOWCASE BUSINESS CENTERS	MARYBETH VREES		0.16	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	AMERICAN AI	KRISTIN C VILLECCO		4.1	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	AMEXFEE	KRISTIN C VILLECCO		0.1	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS		8.97	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	EVANS EXPRESSMART Q	MICHAEL J HERBS		0.31	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	HILTON HOTELS	MICHAEL J HERBS		24.78	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	NATIONAL CAR RENTAL	MICHAEL J HERBS		5.4	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	PPAPHLY	MICHAEL J HERBS		3.6	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	SAN ANTONIO TAXIS INC	MICHAEL J HERBS		0.62	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	SOUTHWESTAIR	MARYBETH VREES		11.91	
032068	CORP-Marketing	575340	Employee Expense	CC	6555		MICHAEL J HERBS		3.68	
032068	CORP-Marketing	575340	Employee Expense	CC	6555	STAR CAB	MICHAEL J HERBS		0.65	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS		8.97	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	EXXONMOBIL	MICHAEL J HERBS		0.33	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	HILTON HOTELS	CLARK VAN DER BEKEN		11.73	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	NATIONAL CAR RENTAL	MICHAEL J HERBS		5.4	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	PPAPHLY	CLARK VAN DER BEKEN		1.35	
032068	CORP-Marketing	575340	Employee Expense	CC	6580		MICHAEL J HERBS		1.8	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	RIVER CITY TAXI	CLARK VAN DER BEKEN		0.61	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	SAN ANTONIO TAXIS INC	CLARK VAN DER BEKEN		0.62	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	SOUTHWESTAIR	MICHAEL J HERBS		6.19	
032068	CORP-Marketing	575340	Employee Expense	CC	6580	SUBWAY HOUSTON Q	CLARK VAN DER BEKEN		0.16	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	AMERICAN AI	KRISTIN C VILLECCO		0.45	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS		2.99	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	EXXONMOBIL	MICHAEL J HERBS		0.34	

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032068	CORP-Marketing	575340	Employee Expense	CC	6642	HILTON GARDEN INN MNCH	MICHAEL J HERBS		2.18	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	HILTON HOTELS	KRISTIN C VILLECCO		17.71	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	INTER ASSOC OF BUSINESS	THOMAS A HERRMANN		0.55	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	NATIONAL CAR RENTAL	MICHAEL J HERBS		1.17	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	PPAPHLY	KRISTIN C VILLECCO		1.8	
032068	CORP-Marketing	575340	Employee Expense	CC	6642		MICHAEL J HERBS		1.01	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	SOUTHWESTAIR	KRISTIN C VILLECCO		5.65	
032068	CORP-Marketing	575340	Employee Expense	CC	6642		MICHAEL J HERBS		6.19	
032068	CORP-Marketing	575340	Employee Expense	CC	6642	YELLOW CHECKER CAB	KRISTIN C VILLECCO		0.63	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	ACTION TRANSMISSION	MARYBETH VREES		1.58	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	AMEXFEE	MARYBETH VREES		0.45	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	AMTRAK .COM	MARYBETH VREES		12.2	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	AMTRAK TELEP	MARYBETH VREES		-5.32	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	HAMPTON INN ROCKVILLE	MARYBETH VREES		4.14	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	HILTON HOTELS	MARYBETH VREES		5.75	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	HILTON HOTELS MILLENIM	MARYBETH VREES		18.01	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	LIRR TVM	MARYBETH VREES		0.3	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	NYC-TAXI	MARYBETH VREES		0.47	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	PHILADELPHIA TAXI	MARYBETH VREES		4.64	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	PROVIDENCE AIRPORT A	MARYBETH VREES		2.96	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	ROUTE 128 PARKING	MARYBETH VREES		0.81	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	SAN ANTONIO TAXIS INC	MARYBETH VREES		0.64	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	SOUTHWESTAIR	MARYBETH VREES		17.61	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	USAIRWAYS	MARYBETH VREES		6.14	
032068	CORP-Marketing	575340	Employee Expense	CC	6664	YELLOW CHECKER CAB	MARYBETH VREES		0.66	
032068	CORP-Marketing	575340	Employee Expense	CC	6724	FEDEX KINKO'S	CLARK VAN DER BEKEN			0.89
032068	CORP-Marketing	575340	Employee Expense	CC	6724	HAMPTON INN ROCKVILLE	MARYBETH VREES			-4.13
032068	CORP-Marketing	575340	Employee Expense	CC	6724	JETBLUE JCVDLR	MARYBETH VREES			6.59
032068	CORP-Marketing	575340	Employee Expense	CC	6724	MASSPORT AUTH LOGAN PK	MARYBETH VREES			0.54
032068	CORP-Marketing	575340	Employee Expense	CC	6724	NWA AIR	THOMAS A HERRMANN			5.05
032068	CORP-Marketing	575340	Employee Expense	CC	6724	VERIZON WRLS M0104-	THOMAS A HERRMANN			0.71
032068	CORP-Marketing	575340	Employee Expense	CC	6724	WASHINGTON FLYER TAXI	MARYBETH VREES			1.64
032068	CORP-Marketing	575340	Employee Expense	CC	6760	DELTA AIR	KRISTIN C VILLECCO			3.82
032068	CORP-Marketing	575340	Employee Expense	CC	6760	MANDALAY ROOM RESERVATION	KRISTIN C VILLECCO			4.24
032068	CORP-Marketing	575340	Employee Expense	CC	6760	MERCOMM INC	CLARK VAN DER BEKEN			8.51
032068	CORP-Marketing	575340	Employee Expense	CC	6760	SAFEWAY STORE	THOMAS A HERRMANN			7.07
032068	CORP-Marketing	575340	Employee Expense	CC	6760	UNITED AIR	KRISTIN C VILLECCO			4.25
032068	CORP-Marketing	575340	Employee Expense	CC	6783	AIRPORT TAXI CO. INC.	MARYBETH VREES			0.77
032068	CORP-Marketing	575340	Employee Expense	CC	6783	COUNTY AND YELLOW CAB	MARYBETH VREES			0.65
032068	CORP-Marketing	575340	Employee Expense	CC	6783	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS			14.89
032068	CORP-Marketing	575340	Employee Expense	CC	6783	DRURY INN CREVE COEUR	MARYBETH VREES			5.72
032068	CORP-Marketing	575340	Employee Expense	CC	6783	EXXONMOBIL	MICHAEL J HERBS			0.39
032068	CORP-Marketing	575340	Employee Expense	CC	6783	LAMBERT ST. LOUIS	THOMAS A HERRMANN			1.86
032068	CORP-Marketing	575340	Employee Expense	CC	6783	NATIONAL CAR RENTAL	MARYBETH VREES			1.63
032068	CORP-Marketing	575340	Employee Expense	CC	6783		MICHAEL J HERBS			6.11
032068	CORP-Marketing	575340	Employee Expense	CC	6783		THOMAS A HERRMANN			5.23
032068	CORP-Marketing	575340	Employee Expense	CC	6783	PHILADELPHIA TAXI	MARYBETH VREES			1.54

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032068	CORP-Marketing	575340	Employee Expense	CC	6783	PPAPHLY	MICHAEL J HERBS			2.69
032068	CORP-Marketing	575340	Employee Expense	CC	6783	RESIDENCE INNS PENSACOLA	THOMAS A HERRMANN			7.45
032068	CORP-Marketing	575340	Employee Expense	CC	6783	SOUTHWESTAIR	MARYBETH VREES			18.43
032068	CORP-Marketing	575340	Employee Expense	CC	6783		MICHAEL J HERBS			6.17
032068	CORP-Marketing	575340	Employee Expense	CC	6783		THOMAS A HERRMANN			4.76
032068	CORP-Marketing	575340	Employee Expense	CC	6783	TOM THUMB	THOMAS A HERRMANN			0.33
032068	CORP-Marketing	575340	Employee Expense	CC	6783	USAIRWAYS	MARYBETH VREES			2.77
032068	CORP-Marketing	575340	Employee Expense	CC	6806	USAIRWAYS	ANNA MARIE RILEY			4.48
032068	CORP-Marketing	575340	Employee Expense	CC	6829	AIRPORT TAXI INC	MARYBETH VREES			0.74
032068	CORP-Marketing	575340	Employee Expense	CC	6829	AMTRAK	KIMBERLY A SELBY			1.55
032068	CORP-Marketing	575340	Employee Expense	CC	6829	AMTRAK .COM	KIMBERLY A SELBY			6.65
032068	CORP-Marketing	575340	Employee Expense	CC	6829	AMTRAK NORTH DECK #Q	KIMBERLY A SELBY			2.15
032068	CORP-Marketing	575340	Employee Expense	CC	6829	AMTRAK TELEP	MARYBETH VREES			4.32
032068	CORP-Marketing	575340	Employee Expense	CC	6829	CHERRY VALLEY TRANSPORTAT	MARYBETH VREES			3.33
032068	CORP-Marketing	575340	Employee Expense	CC	6829	COMMUTER RAIL NORTH	KIMBERLY A SELBY			0.13
032068	CORP-Marketing	575340	Employee Expense	CC	6829	COURTYARD BY MARRIOTT-DAN	KIMBERLY A SELBY			0.14
032068	CORP-Marketing	575340	Employee Expense	CC	6829	HAMILTON STATION PARK AND	KIMBERLY A SELBY			0.45
032068	CORP-Marketing	575340	Employee Expense	CC	6829	HOTELS.COM	KIMBERLY A SELBY			16.32
032068	CORP-Marketing	575340	Employee Expense	CC	6829	JETBLUE	MARYBETH VREES			6.71
032068	CORP-Marketing	575340	Employee Expense	CC	6829	LAMBERT ST. LOUIS	THOMAS A HERRMANN			1.39
032068	CORP-Marketing	575340	Employee Expense	CC	6829	MASSPORT AUTH LOGAN PK	MARYBETH VREES			0.54
032068	CORP-Marketing	575340	Employee Expense	CC	6829	NATIONAL CAR RENTAL	THOMAS A HERRMANN			3.56
032068	CORP-Marketing	575340	Employee Expense	CC	6829	NJT HAMILTON	KIMBERLY A SELBY			0.46
032068	CORP-Marketing	575340	Employee Expense	CC	6829	PHILADELPHIA TAXI	MARYBETH VREES			4.22
032068	CORP-Marketing	575340	Employee Expense	CC	6829	PPAPHLY	ANNA MARIE RILEY			1.18
032068	CORP-Marketing	575340	Employee Expense	CC	6829	PROVIDENCE AIRPORT A	MARYBETH VREES			5.56
032068	CORP-Marketing	575340	Employee Expense	CC	6829	SHELL OIL	THOMAS A HERRMANN			0.15
032068	CORP-Marketing	575340	Employee Expense	CC	6829	SOUTHWESTAIR	MARYBETH VREES			20.39
032068	CORP-Marketing	575340	Employee Expense	CC	6829	TRI CITY SERVICES INC	KIMBERLY A SELBY			1.62
032068	CORP-Marketing	575340	Employee Expense	CC	6829	USAIRWAYS	ANNA MARIE RILEY			0.98
032068	CORP-Marketing	575340	Employee Expense	CC	6829	WASHINGTON FLYER TAXI	MARYBETH VREES			3.55
032068	CORP-Marketing	575340	Employee Expense	CC	6829	WESTIN HOTELS HARBOUR IS	ANNA MARIE RILEY			7.36
032068	CORP-Marketing	575340	Employee Expense	CC	6829	WINGATE INN VOORHEES	THOMAS A HERRMANN			6.56
032068	CORP-Marketing	575340	Employee Expense	CC	6859	DELTA AIR	KRISTIN C FERGUSON			0.56
032068	CORP-Marketing	575340	Employee Expense	CC	6859	HUSSONG'S CANTINA	KRISTIN C FERGUSON			0.4
032068	CORP-Marketing	575340	Employee Expense	CC	6859	IABC	THOMAS A HERRMANN			6.67
032068	CORP-Marketing	575340	Employee Expense	CC	6859	MANDALAY BAY RESORT/CASIN	KRISTIN C FERGUSON			10.27
032068	CORP-Marketing	575340	Employee Expense	CC	6859	MANDALAY BEACH BAR/GRILL	KRISTIN C FERGUSON			0.33
032068	CORP-Marketing	575340	Employee Expense	CC	6859	MANDALAY-BAY SIDE BUFFET	KRISTIN C FERGUSON			1.3
032068	CORP-Marketing	575340	Employee Expense	CC	6859	PHILADELPHIA TAXI	KRISTIN C FERGUSON			1.54
032068	CORP-Marketing	575340	Employee Expense	CC	6859	PUBLIC RELATIONS SOCIE	THOMAS A HERRMANN			6.85
032068	CORP-Marketing	575340	Employee Expense	CC	6859	RUBYS D LAS	KRISTIN C FERGUSON			0.33
032068	CORP-Marketing	575340	Employee Expense	CC	6859	SOUTHWESTAIR	THOMAS A HERRMANN			4.78
032068	CORP-Marketing	575340	Employee Expense	CC	6859	TAXI-CHARGE.COM	KRISTIN C FERGUSON			0.49
032068	CORP-Marketing	575340	Employee Expense	CC	6859	TAXI-VEGAS.COM	KRISTIN C FERGUSON			0.54
032068	CORP-Marketing	575340	Employee Expense	CC	6859	TAXIVEGASCOM	KRISTIN C FERGUSON			0.36
032068	CORP-Marketing	575340	Employee Expense	CC	6859	USAIRWAYS	KRISTIN C FERGUSON			0.56

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032068	CORP-Marketing	575340	Employee Expense	CC	6859		MICHAEL J HERBS			7.54
032068	CORP-Marketing	575340	Employee Expense	CC	6865	CHERRY VALLEY TRANSPORTAT	MARYBETH VREES			1.58
032068	CORP-Marketing	575340	Employee Expense	CC	6865	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS			5.95
032068	CORP-Marketing	575340	Employee Expense	CC	6865	EXXONMOBIL	MICHAEL J HERBS			0.33
032068	CORP-Marketing	575340	Employee Expense	CC	6865	NATIONAL CAR RENTAL	MICHAEL J HERBS			4.03
032068	CORP-Marketing	575340	Employee Expense	CC	6865	PHILADELPHIA TAXI	MARYBETH VREES			1.29
032068	CORP-Marketing	575340	Employee Expense	CC	6865	PPAPHLY	MICHAEL J HERBS			1.34
032068	CORP-Marketing	575340	Employee Expense	CC	6865	PROVIDENCE AIRPORT A	MARYBETH VREES			0.43
032068	CORP-Marketing	575340	Employee Expense	CC	6865	USAIRWAYS	KIMBERLY A SELBY			7.54
032068	CORP-Marketing	575340	Employee Expense	CC	6865		MICHAEL J HERBS			13.23
032068	CORP-Marketing	575340	Employee Expense	CC	6898	USAIRWAYS	ANNA MARIE RILEY			7.54
032068	CORP-Marketing	575340	Employee Expense	CC	6898		KRISTIN C FERGUSON			8.24
032068	CORP-Marketing	575340	Employee Expense	CC	6911	ENTERPRISE RENT-A-CAR	JOHN-MARK B HACK			3.95
032068	CORP-Marketing	575340	Employee Expense	CC	6911	SHELL OIL	JOHN-MARK B HACK			1.51
032068	CORP-Marketing	575340	Employee Expense	CC	6920	DOUBLETREE SUITES LEXINGT	KIMBERLY A SELBY			5.48
032068	CORP-Marketing	575340	Employee Expense	CC	6920		MICHAEL J HERBS			5.03
032068	CORP-Marketing	575340	Employee Expense	CC	6920	NATIONAL CAR RENTAL	MARYBETH VREES			1.83
032068	CORP-Marketing	575340	Employee Expense	CC	6920		MICHAEL J HERBS			6.56
032068	CORP-Marketing	575340	Employee Expense	CC	6920	PARK AMERICA	MARYBETH VREES			0.45
032068	CORP-Marketing	575340	Employee Expense	CC	6920	PPAPHLY	MICHAEL J HERBS			1.34
032068	CORP-Marketing	575340	Employee Expense	CC	6920	SOUTHWESTAIR	MARYBETH VREES			30.16
032068	CORP-Marketing	575340	Employee Expense	CC	6920	USAIRWAYS	KIMBERLY A SELBY			0.56
032068	CORP-Marketing	575340	Employee Expense	CC	6920		MICHAEL J HERBS			0.56
032068	CORP-Marketing	575340	Employee Expense	CC	6927	BRUEGGERS	KRISTIN C FERGUSON			0.26
032068	CORP-Marketing	575340	Employee Expense	CC	6927	DOUBLETREE SUITES LEXINGT	KRISTIN C FERGUSON			5.03
032068	CORP-Marketing	575340	Employee Expense	CC	6927	PPAPHLY	KRISTIN C FERGUSON			1.34
032068	CORP-Marketing	575340	Employee Expense	CC	6966	DOUBLETREE SUITES LEXINGT	ANNA MARIE RILEY			10.28
032068	CORP-Marketing	575340	Employee Expense	CC	6966	PPAPHLY	ANNA MARIE RILEY			1.34
032068	CORP-Marketing	575340	Employee Expense	CC	6966	USAIRWAYS	ANNA MARIE RILEY			1.08
032068	CORP-Marketing	575340	Employee Expense	CC	6994	DOUBLETREE SUITES LEXINGT	THOMAS A HERRMANN			5.03
032068	CORP-Marketing	575340	Employee Expense	CC	6994	LAMBERT ST. LOUIS	THOMAS A HERRMANN			0.62
032068	CORP-Marketing	575340	Employee Expense	CC	6994	NATIONAL CAR RENTAL	THOMAS A HERRMANN			4.42
032068	CORP-Marketing	575340	Employee Expense	CC	6994	SOUTHWESTAIR	THOMAS A HERRMANN			4.57
032068	CORP-Marketing	575340	Employee Expense	CC	7020					2.41
032068	CORP-Marketing	575340	Employee Expense	CC	7020	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS			9.68
032068	CORP-Marketing	575340	Employee Expense	CC	7020	DOUBLETREE SUITES LEXINGT	MARYBETH VREES			8.79
032068	CORP-Marketing	575340	Employee Expense	CC	7020	IBAHN CORPORATION	MARYBETH VREES			0.13
032068	CORP-Marketing	575340	Employee Expense	CC	7020	INTERPARK - CROWNE PLAZA	MARYBETH VREES			0.6
032068	CORP-Marketing	575340	Employee Expense	CC	7020	LUKOIL	MARYBETH VREES			0.23
032068	CORP-Marketing	575340	Employee Expense	CC	7020	MARRIOTT 33737 PHLDP ARPT	MARYBETH VREES			5.07
032068	CORP-Marketing	575340	Employee Expense	CC	7020	NATIONAL CAR RENTAL	MARYBETH VREES			11.08
032068	CORP-Marketing	575340	Employee Expense	CC	7020	PARK AMERICA	MARYBETH VREES			0.9
032068	CORP-Marketing	575340	Employee Expense	CC	7020	PROVIDENCE AIRPORT A	MARYBETH VREES			5.42
032068	CORP-Marketing	575340	Employee Expense	CC	7020	SOUTHWESTAIR	MARYBETH VREES			7.2
032068	CORP-Marketing	575340	Employee Expense	CC	7020		MICHAEL J HERBS			6.3
032068	CORP-Marketing	575340	Employee Expense	CC	7020	SPEEDWAY 09515 LOU	MARYBETH VREES			0.37
032068	CORP-Marketing	575340	Employee Expense	CC	7038	EXXONMOBIL	MICHAEL J HERBS			0.24

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032068	CORP-Marketing	575340	Employee Expense	CC	7038	HOTELS.COM US	KIMBERLY A SELBY			17.62
032068	CORP-Marketing	575340	Employee Expense	CC	7038	LAMBERT ST. LOUIS	THOMAS A HERRMANN			1.88
032068	CORP-Marketing	575340	Employee Expense	CC	7038	MARRIOTT 33737 PHLDP ARPT	THOMAS A HERRMANN			13.84
032068	CORP-Marketing	575340	Employee Expense	CC	7038	NATIONAL CAR RENTAL	MICHAEL J HERBS			2.69
032068	CORP-Marketing	575340	Employee Expense	CC	7038	PPAPHLY	MICHAEL J HERBS			1.34
032068	CORP-Marketing	575340	Employee Expense	CC	7038	SOUTHWESTAIR	KIMBERLY A SELBY			6.3
032068	CORP-Marketing	575340	Employee Expense	CC	7038	UNITED AIR	BARRY L PAWELEK			18.32
032068	CORP-Marketing	575340	Employee Expense	CC	7063	FEDEX	THOMAS A HERRMANN			0.21
032068	CORP-Marketing	575340	Employee Expense	CC	7063	HOLIDAY INNS ALTON	MARYBETH VREES			2.51
032068	CORP-Marketing	575340	Employee Expense	CC	7063	LINDBERGH PARK	BARRY L PAWELEK			1.64
032068	CORP-Marketing	575340	Employee Expense	CC	7063	NATIONAL CAR RENTAL	BARRY L PAWELEK			2.95
032068	CORP-Marketing	575340	Employee Expense	CC	7063		MARYBETH VREES			1.51
032068	CORP-Marketing	575340	Employee Expense	CC	7063	PHILADELPHIA TAXI	MARYBETH VREES			6.28
032068	CORP-Marketing	575340	Employee Expense	CC	7063	PROVIDENCE AIRPORT A	MARYBETH VREES			1.48
032068	CORP-Marketing	575340	Employee Expense	CC	7063	SOUTHWESTAIR	MARYBETH VREES			29.58
032068	CORP-Marketing	575340	Employee Expense	CC	7063	UNITED AIR	BARRY L PAWELEK			24.21
032068	CORP-Marketing	575340	Employee Expense	CC	7063	USAIRWAYS	MARYBETH VREES			3.93
032068	CORP-Marketing	575340	Employee Expense	CC	7064	HILTON HOTELS INDNAPLS	BARRY L PAWELEK			3.31
032068	CORP-Marketing	575340	Employee Expense	CC	7064	HILTON HOTELS OHARE	BARRY L PAWELEK			7.99
032068	CORP-Marketing	575340	Employee Expense	CC	7064	LINDBERGH PARK	BARRY L PAWELEK			1.64
032068	CORP-Marketing	575340	Employee Expense	CC	7064	NATIONAL CAR RENTAL	BARRY L PAWELEK			2.06
032068	CORP-Marketing	575340	Employee Expense	CC	7114	AMTRAK TELEP	MARYBETH VREES			4.26
032068	CORP-Marketing	575340	Employee Expense	CC	7114	SOUTHWESTAIR	MARYBETH VREES			63.3
032068	CORP-Marketing	575340	Employee Expense	CC	7116	AUNTIE ANNE'S	MARYBETH VREES			0.23
032068	CORP-Marketing	575340	Employee Expense	CC	7116	HILTON ONTARIO AIRPORT HO	BARRY L PAWELEK			2.73
032068	CORP-Marketing	575340	Employee Expense	CC	7116		MARYBETH VREES			9.52
032068	CORP-Marketing	575340	Employee Expense	CC	7116	PHILADELPHIA TAXI	MARYBETH VREES			1.47
032068	CORP-Marketing	575340	Employee Expense	CC	7116	PROVIDENCE AIRPORT A	MARYBETH VREES			3.36
032068	CORP-Marketing	575340	Employee Expense	CC	7116	SOUTHWESTAIR	MARYBETH VREES			14.77
032068	CORP-Marketing	575340	Employee Expense	CC	7116		MICHAEL J HERBS			6.3
032068	CORP-Marketing	575340	Employee Expense	CC	7116	UNIGUEST	MARYBETH VREES			0.11
032068	CORP-Marketing	575340	Employee Expense	CC	7157	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS			7.46
032068	CORP-Marketing	575340	Employee Expense	CC	7157	DOLLAR RAC PHL	THOMAS A HERRMANN			2.96
032068	CORP-Marketing	575340	Employee Expense	CC	7157	DOMINOS PIZZA	THOMAS A HERRMANN			0.35
032068	CORP-Marketing	575340	Employee Expense	CC	7157	EXXONMOBIL	MICHAEL J HERBS			0.41
032068	CORP-Marketing	575340	Employee Expense	CC	7157	LAMBERT ST. LOUIS	THOMAS A HERRMANN			0.75
032068	CORP-Marketing	575340	Employee Expense	CC	7157	LUKOIL	THOMAS A HERRMANN			0.26
032068	CORP-Marketing	575340	Employee Expense	CC	7157	NATIONAL CAR RENTAL	MICHAEL J HERBS			4.04
032068	CORP-Marketing	575340	Employee Expense	CC	7157	PPAPHLY	MICHAEL J HERBS			1.34
032068	CORP-Marketing	575340	Employee Expense	CC	7157	SOUTHWESTAIR	THOMAS A HERRMANN			20.19
032068	CORP-Marketing	575340	Employee Expense	CC	7157	WINGATE INN VOORHEES	THOMAS A HERRMANN			4.43
032068	CORP-Marketing	575340	Employee Expense	CC	7179	ACME	KRISTIN C FERGUSON			0.57
032068	CORP-Marketing	575340	Employee Expense	CC	7179	ALLIED AREA A CAB	MARYBETH VREES			1.5
032068	CORP-Marketing	575340	Employee Expense	CC	7179	AMEX FEE HFKLLZ	MARYBETH VREES			0.45
032068	CORP-Marketing	575340	Employee Expense	CC	7179	AMEXFEE	KRISTIN C FERGUSON			0.11
032068	CORP-Marketing	575340	Employee Expense	CC	7179	PASTA POMODORO	MARYBETH VREES			1.51
032068	CORP-Marketing	575340	Employee Expense	CC	7179	PHILADELPHIA TAXI	MARYBETH VREES			3.63

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
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CITY OF CHATTANOOGA
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Tennessee American Selected Service Company Travel and Entertainment Costs
Excluding Capitalized costs

Document Types
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Business Unit	Business Unit Name	Object	Object Account Name	Document Type	Document #	Explanation 1	Explanation 2	Amount Charged to TAWC Year 2008	2009	2010
032068	CORP-Marketing	575340	Employee Expense	CC	7179	PROVIDENCE AIRPORT A	MARYBETH VREES			2.87
032068	CORP-Marketing	575340	Employee Expense	CC	7179	SHERATON WESTPORT PLZ TW	MARYBETH VREES			12.29
032068	CORP-Marketing	575340	Employee Expense	CC	7179	SOUTHWESTAIR	MARYBETH VREES			32.02
032068	CORP-Marketing	575340	Employee Expense	CC	7179	USAIRWAYS	KRISTIN C FERGUSON			7.96
032068	CORP-Marketing	575340	Employee Expense	CC	30895797	BEST BUY	MARYBETH VREES		44.51	
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	5137	DMA INTERNET SERVICES	KIMBERLY A SELBY	38.23		
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	5274	NATL ASSN OF WATER CO	MARYBETH VREES	20.81		
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	5613	Ragan Communications Inc	ANNA MARIE RILEY		32.55	
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	5681	NEW HORIZONS CLC MECHANIC	ANNA MARIE RILEY		12.88	
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	5704	Ragan Communications Inc	KIMBERLY A SELBY		36.99	
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	6201	PENN STATE MEDIA SALES	THOMAS A HERRMANN		0.72	
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	6783	KRM INFORMATION SERVICES	THOMAS A HERRMANN			4.84
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	6806	CONFERENCES CONNECT	ANNA MARIE RILEY			19.6
032068	CORP-Marketing	575342	Employee Exp Conf/Registration	CC	6829	AMERICAN MARKETING ASSOC	KIMBERLY A SELBY			30.46
032068	CORP-Marketing	575350	Meals Deductible	CC	4295	ANTHONY MICHAEL'S C	MICHAEL J HERBS	0.9		
032068	CORP-Marketing	575350	Meals Deductible	CC	4332	ANTHONY MICHAEL'S C	MICHAEL J HERBS	0.62		
032068	CORP-Marketing	575350	Meals Deductible	CC	4332	PANERA BREAD	MICHAEL J HERBS	0.25		
032068	CORP-Marketing	575350	Meals Deductible	CC	4382	CORIANDER INDIAN BISTRO	VIJAY H KHANCHANDANI	0.52		
032068	CORP-Marketing	575350	Meals Deductible	CC	4407	202 LE PETIT BISTRO	MARYBETH VREES	0.29		
032068	CORP-Marketing	575350	Meals Deductible	CC	4407	AIRPORT DINER INC	MARYBETH VREES	0.63		
032068	CORP-Marketing	575350	Meals Deductible	CC	4407	KARENS KITCHEN	MARYBETH VREES	0.65		
032068	CORP-Marketing	575350	Meals Deductible	CC	4407	PF CHANGS	MARYBETH VREES	0.94		
032068	CORP-Marketing	575350	Meals Deductible	CC	4436	THEBEVERLYDEPOTRESTAURAN	MICHAEL J HERBS	2.21		
032068	CORP-Marketing	575350	Meals Deductible	CC	4481	ANTHONY MICHAEL'S C	MICHAEL J HERBS	0.78		
032068	CORP-Marketing	575350	Meals Deductible	CC	4481	LONE STAR-VOOR	MICHAEL J HERBS	2.72		
032068	CORP-Marketing	575350	Meals Deductible	CC	4481	MARRIOTT 33737 PHLDP ARPT	LAURA L MONICA	14.82		
032068	CORP-Marketing	575350	Meals Deductible	CC	4525	BUDDAKAN	MARYBETH VREES	14.83		
032068	CORP-Marketing	575350	Meals Deductible	CC	4525	CORIANDER INDIAN BISTRO	KIMBERLY A SELBY	1.26		
032068	CORP-Marketing	575350	Meals Deductible	CC	4525	GENUARDIS STOR	KIMBERLY A SELBY	0.69		
032068	CORP-Marketing	575350	Meals Deductible	CC	4525	MCDONALD'S F	MARYBETH VREES	0.08		
032068	CORP-Marketing	575350	Meals Deductible	CC	4625	STAGE DOOR	KIMBERLY A SELBY	0.84		
032068	CORP-Marketing	575350	Meals Deductible	CC	4635	COCONUT BAY ASIAN CUISINE	MARYBETH VREES	0.51		
032068	CORP-Marketing	575350	Meals Deductible	CC	4635	COSI # 173 Q	MARYBETH VREES	0.23		
032068	CORP-Marketing	575350	Meals Deductible	CC	4635	MO CAFE AND GRILL	MARYBETH VREES	0.62		
032068	CORP-Marketing	575350	Meals Deductible	CC	4635	OCEANAIRE PHILLY	MARYBETH VREES	1.92		
032068	CORP-Marketing	575350	Meals Deductible	CC	4635	ON THE BORD	MARYBETH VREES	0.52		
032068	CORP-Marketing	575350	Meals Deductible	CC	4635	T-BONES OF BEDFORD	MARYBETH VREES	0.72		
032068	CORP-Marketing	575350	Meals Deductible	CC	4698	BALTHAZAR	MICHAEL J HERBS	2.08		
032068	CORP-Marketing	575350	Meals Deductible	CC	4698	BITS BITES & BAGUETTES	MICHAEL J HERBS	0.79		
032068	CORP-Marketing	575350	Meals Deductible	CC	4698	COCONUT BAY ASIAN CUISINE	MICHAEL J HERBS	0.87		
032068	CORP-Marketing	575350	Meals Deductible	CC	4698	KAMINSKIS	MICHAEL J HERBS	2.41		
032068	CORP-Marketing	575350	Meals Deductible	CC	4698	LAMBERTI'S CUCINA	MICHAEL J HERBS	2		
032068	CORP-Marketing	575350	Meals Deductible	CC	4698	MILLENIUM HILTON F&B	MICHAEL J HERBS	2.34		
032068	CORP-Marketing	575350	Meals Deductible	CC	4722	05411 PKWY-WLNT TWRS G	MARYBETH VREES	0.54		
032068	CORP-Marketing	575350	Meals Deductible	CC	4722	USPS	MARYBETH VREES	0.75		
032068	CORP-Marketing	575350	Meals Deductible	CC	4722	VOORHEES SEAFOOD MARKE	MARYBETH VREES	1.89		
032068	CORP-Marketing	575350	Meals Deductible	CC	4722	WALGREENS #9320 Q	MARYBETH VREES	1.63		

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								Year		
Business Unit	Business Unit Name	Object	Object Account Name	Document Type	Document #	Explanation 1	Explanation 2	2008	2009	2010
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	BLACK FOREST CAFE & BAKER	MARYBETH VREES	1.51		
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	CR SPARKS RESTAURANT	MARYBETH VREES	43.96		
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	HMS HOST-ATL-AIRPT	MARYBETH VREES	0.24		
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	MEATHOUSE - BEDFORD	MARYBETH VREES	6.81		
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	STOP & SHOP	MARYBETH VREES	0.16		
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	THE EVENT CENTER @ CR SPA	MARYBETH VREES	5.63		
032068	CORP-Marketing	575350	Meals Deductible	CC	4875	WALGREENS	MARYBETH VREES	0.91		
032068	CORP-Marketing	575350	Meals Deductible	CC	4934	CVS PHARMACY #638 Q	KIMBERLY A SELBY	1.03		
032068	CORP-Marketing	575350	Meals Deductible	CC	4934	GAGAN PALACE	KIMBERLY A SELBY	1.8		
032068	CORP-Marketing	575350	Meals Deductible	CC	4934	JILLIAN'S	KIMBERLY A SELBY	4.4		
032068	CORP-Marketing	575350	Meals Deductible	CC	4934	REDSTONE AMERICAN GRILL	KIMBERLY A SELBY	5.42		
032068	CORP-Marketing	575350	Meals Deductible	CC	4934	STARBUCKS USA	KIMBERLY A SELBY	0.35		
032068	CORP-Marketing	575350	Meals Deductible	CC	4955	HRC-ATLANTA	MICHAEL J HERBS	1.42		
032068	CORP-Marketing	575350	Meals Deductible	CC	4955	LANDMARK AT GSU	MICHAEL J HERBS	0.37		
032068	CORP-Marketing	575350	Meals Deductible	CC	4955	LUISA'S BEDFORD	MICHAEL J HERBS	0.5		
032068	CORP-Marketing	575350	Meals Deductible	CC	4979	RENAISSANCE 9671 DC	MICHAEL J HERBS	54.35		
032068	CORP-Marketing	575350	Meals Deductible	CC	5049	LAMBERTI'S CUCINA	MICHAEL J HERBS	0.61		
032068	CORP-Marketing	575350	Meals Deductible	CC	5049	TOP TOMATO PIZZA C	MARYBETH VREES	0.21		
032068	CORP-Marketing	575350	Meals Deductible	CC	5137	DUNKIN #337538 Q	ANNA MARIE RILEY	0.99		
032068	CORP-Marketing	575350	Meals Deductible	CC	5137	PANERA BREAD	ANNA MARIE RILEY	5.67		
032068	CORP-Marketing	575350	Meals Deductible	CC	5137	SWANKY BUBBLES	KIMBERLY A SELBY	5.35		
032068	CORP-Marketing	575350	Meals Deductible	CC	5229	MCCORMICK & SCHMICK'S	MICHAEL J HERBS	2.56		
032068	CORP-Marketing	575350	Meals Deductible	CC	5251	KARENS KITCHEN	MARYBETH VREES	0.89		
032068	CORP-Marketing	575350	Meals Deductible	CC	5251	T-BONES OF BEDFORD	MARYBETH VREES	1.34		
032068	CORP-Marketing	575350	Meals Deductible	CC	5296	BURGER KING GS	KIMBERLY A SELBY	0.36		
032068	CORP-Marketing	575350	Meals Deductible	CC	5296	STARBUCKS USA	KIMBERLY A SELBY	0.05		
032068	CORP-Marketing	575350	Meals Deductible	CC	5321	BWI SSP AMERIC	MARYBETH VREES	0.19		
032068	CORP-Marketing	575350	Meals Deductible	CC	5321	ELDORADO HOTEL-FRONT D	MARYBETH VREES	0.17		
032068	CORP-Marketing	575350	Meals Deductible	CC	5321	KING OF PIZZA	MARYBETH VREES	0.09		
032068	CORP-Marketing	575350	Meals Deductible	CC	5388	CARIBE ROYALE FOOD&BEV	MICHAEL J HERBS	1.34		
032068	CORP-Marketing	575350	Meals Deductible	CC	5388	MARRIOTT 337E0 ORL WC-F/B	MICHAEL J HERBS	6.66		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	7-ELEVEN	KIMBERLY A SELBY	0.19		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	AU BON PAIN #217 CAFE	KIMBERLY A SELBY	0.31		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	BURGER KING #11927 Q	MARYBETH VREES	0.09		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	CARIBE ROYALE FOOD&BEV	MARYBETH VREES	0.25		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	CARIBE ROYALE RESORT SUT	MARYBETH VREES	3.55		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	JOHNNY RIVERS SMOKEHOUSE	MARYBETH VREES	0.14		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	MARRIOTT 337E0 ORL WC-F/B	MARYBETH VREES	2.54		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	MEARS LUXURY DIVISION	KIMBERLY A SELBY	0.34		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411		MARYBETH VREES	0.65		
032068	CORP-Marketing	575350	Meals Deductible	CC	5411	MILLTOWNE GRILLE	MARYBETH VREES	0.2		
032068	CORP-Marketing	575350	Meals Deductible	CC	5613	AIRPORT DINER INC	MICHAEL J HERBS		0.56	
032068	CORP-Marketing	575350	Meals Deductible	CC	5613	C.R. SPARKS	MICHAEL J HERBS		1.51	
032068	CORP-Marketing	575350	Meals Deductible	CC	5613	PHILLYS PLATINUM	MICHAEL J HERBS		0.39	
032068	CORP-Marketing	575350	Meals Deductible	CC	5637	HEALTHY GARDEN AND PIZ	MARYBETH VREES		1.18	
032068	CORP-Marketing	575350	Meals Deductible	CC	5637	KING OF PIZZA	MARYBETH VREES		0.13	
032068	CORP-Marketing	575350	Meals Deductible	CC	5637	ZIPPS SPORTS GRILL-HAYDE	MARYBETH VREES		1.1	

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032068	CORP-Marketing	575350	Meals Deductible	CC	5704	LUIGI STEFANI PIZZERIA	THOMAS A HERRMANN		0.16	
032068	CORP-Marketing	575350	Meals Deductible	CC	5704	MASSOS DELI & PIZZERIA	THOMAS A HERRMANN		0.59	
032068	CORP-Marketing	575350	Meals Deductible	CC	5704	PASSARIELLOS PIZZERIA	THOMAS A HERRMANN		0.32	
032068	CORP-Marketing	575350	Meals Deductible	CC	5704	SOUTHWESTAIR	KIMBERLY A SELBY		2.89	
032068	CORP-Marketing	575350	Meals Deductible	CC	5725	AIRPORT DINER INC	MICHAEL J HERBS		0.64	
032068	CORP-Marketing	575350	Meals Deductible	CC	5725	ANTHONY MICHAEL'S C	MICHAEL J HERBS		1.56	
032068	CORP-Marketing	575350	Meals Deductible	CC	5725	BILL AND BOBS ROAST BEEF	MICHAEL J HERBS		0.67	
032068	CORP-Marketing	575350	Meals Deductible	CC	5725	DUNKIN #342518 Q	MICHAEL J HERBS		0.35	
032068	CORP-Marketing	575350	Meals Deductible	CC	5725	WENDYS	MARYBETH VREES		0.3	
032068	CORP-Marketing	575350	Meals Deductible	CC	5755	AIRPORT DINER INC	MARYBETH VREES		0.78	
032068	CORP-Marketing	575350	Meals Deductible	CC	5755		MICHAEL J HERBS		0.51	
032068	CORP-Marketing	575350	Meals Deductible	CC	5755	BILL AND BOBS ROAST BEEF	MICHAEL J HERBS		0.32	
032068	CORP-Marketing	575350	Meals Deductible	CC	5755	CJ'S GREAT WEST GRILL	MICHAEL J HERBS		1.57	
032068	CORP-Marketing	575350	Meals Deductible	CC	5755	PHILADELPHIAS FAMOUS	MARYBETH VREES		0.3	
032068	CORP-Marketing	575350	Meals Deductible	CC	5755	THEBEVERLYDEPOTRESTAURAN	MICHAEL J HERBS		1.76	
032068	CORP-Marketing	575350	Meals Deductible	CC	5774	BOTERO - ENCORE	ANNA MARIE RILEY		1.26	
032068	CORP-Marketing	575350	Meals Deductible	CC	5774	MARGARITAVILLE	ANNA MARIE RILEY		0.53	
032068	CORP-Marketing	575350	Meals Deductible	CC	5774	THE BUFFET	ANNA MARIE RILEY		0.79	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	COURTYARD BY MARRIOTT-DAN	KIMBERLY A SELBY		0.83	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	DUNKIN #338472 Q	KIMBERLY A SELBY		0.1	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	DUNKIN #342518 Q	KIMBERLY A SELBY		0.26	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	FLAT BREADZ LA	KIMBERLY A SELBY		0.53	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	GALLAGHERS	KIMBERLY A SELBY		2.57	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	GELATO CAFE	KIMBERLY A SELBY		0.13	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	HILTON GARDEN INN MNCH	KIMBERLY A SELBY		0.05	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	PANERA BREAD	KIMBERLY A SELBY		0.39	
032068	CORP-Marketing	575350	Meals Deductible	CC	S823	THE OFFICIAL LAS VEGAS WE	KIMBERLY A SELBY		0.23	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	TINKER SEAFOOD	KIMBERLY A SELBY		1.02	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	UNOCHICAGOGRILL	KIMBERLY A SELBY		0.78	
032068	CORP-Marketing	575350	Meals Deductible	CC	5823	VINNY T'S OF BOSTON	KIMBERLY A SELBY		1.27	
032068	CORP-Marketing	575350	Meals Deductible	CC	5908	QUIZNOS SUB	THOMAS A HERRMANN		0.19	
032068	CORP-Marketing	575350	Meals Deductible	CC	5932	DUNKIN #337538 Q	ANNA MARIE RILEY		0.92	
032068	CORP-Marketing	575350	Meals Deductible	CC	5932	PANERA BREAD	ANNA MARIE RILEY		1.48	
032068	CORP-Marketing	575350	Meals Deductible	CC	5932	PF CHANGS	MARYBETH VREES		9.37	
032068	CORP-Marketing	575350	Meals Deductible	CC	5932	RENAISSANCE HOTEL STL F&B	MARYBETH VREES		1.58	
032068	CORP-Marketing	575350	Meals Deductible	CC	5932	SILVER DINER BWI	MARYBETH VREES		0.12	
032068	CORP-Marketing	575350	Meals Deductible	CC	5932	THE UPS STORE	MARYBETH VREES		0.66	
032068	CORP-Marketing	575350	Meals Deductible	CC	5975	PANERA BREAD	KRISTIN C VILLECCO		5.18	
032068	CORP-Marketing	575350	Meals Deductible	CC	5975	SKYLINE CHILI	THOMAS A HERRMANN		0.25	
032068	CORP-Marketing	575350	Meals Deductible	CC	S999	COCONUT BAY ASIAN CUISINE	MARYBETH VREES		0.99	
032068	CORP-Marketing	575350	Meals Deductible	CC	6068	AIRPORT DINER INC	MICHAEL J HERBS		0.7	
032068	CORP-Marketing	575350	Meals Deductible	CC	6068	JW HILLS SPORTS BAR & GRI	MICHAEL J HERBS		2.03	
032068	CORP-Marketing	575350	Meals Deductible	CC	6106	LAMBERTI'S CUCINA	MICHAEL J HERBS		0.99	
032068	CORP-Marketing	575350	Meals Deductible	CC	61S4	PHILADELPHIAS FAMOUS CHIC	THOMAS A HERRMANN		0.26	
032068	CORP-Marketing	575350	Meals Deductible	CC	6293	BJ'S RESTAURANTS	MICHAEL J HERBS		2.6	
032068	CORP-Marketing	575350	Meals Deductible	CC	6293	BUCA DI BEPPO	MICHAEL J HERBS		3.71	
032068	CORP-Marketing	575350	Meals Deductible	CC	6293	EL MESON	MICHAEL J HERBS		0.58	

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032068	CORP-Marketing	575350	Meals Deductible	CC	6293	ENZOS PIZZARIA	MICHAEL J HERBS		1.26	
032068	CORP-Marketing	575350	Meals Deductible	CC	6293	INDY 500 RESTA	MICHAEL J HERBS		0.43	
032068	CORP-Marketing	575350	Meals Deductible	CC	6313	BEST BUY	CLARK VAN DER BEKEN		-0.92	
032068	CORP-Marketing	575350	Meals Deductible	CC	6313		MARYBETH VREES		-19.94	
032068	CORP-Marketing	575350	Meals Deductible	CC	6313	PANERA BREAD	CLARK VAN DER BEKEN		0.92	
032068	CORP-Marketing	575350	Meals Deductible	CC	6313	THE CHOPHOUSE	MARYBETH VREES		19.94	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	BK CINN DF1 AT	THOMAS A HERRMANN		0.19	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	CVS PHARMACY #0837 Q	THOMAS A HERRMANN		0.2	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	DUNKIN #337538 Q	KRISTIN C VILLECCO		0.84	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	GUAVA & JAVA -PIA-EAST	THOMAS A HERRMANN		0.12	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	INTERSTATE BARBEQUE	THOMAS A HERRMANN		0.24	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	PANERA BREAD	KRISTIN C VILLECCO		3.88	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	PAPA JOHNS	THOMAS A HERRMANN		0.22	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	PF CHANGS	THOMAS A HERRMANN		0.42	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	PRINCIVALLIS CAFE	THOMAS A HERRMANN		0.19	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	RED LOBSTER US	THOMAS A HERRMANN		0.69	
032068	CORP-Marketing	575350	Meals Deductible	CC	6355	WAL-MART	THOMAS A HERRMANN		0.34	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	AMEX TRS	MARYBETH VREES		1.13	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	ANTHONY MICHAEL'S C	ANNA MARIE RILEY		0.08	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	DUNKIN #337538 Q	ANNA MARIE RILEY		0.75	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	HOTEL DEL CORONADO RSTRS	MARYBETH VREES		1.34	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	IL FORNAIO - CORONADO	MARYBETH VREES		1.07	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	PANERA BREAD	ANNA MARIE RILEY		2.91	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378		MARYBETH VREES		0.15	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	PIZZA HUT/SALSARITAS	MARYBETH VREES		0.17	
032068	CORP-Marketing	575350	Meals Deductible	CC	6378	TAYLOR STREET	MARYBETH VREES		0.28	
032068	CORP-Marketing	575350	Meals Deductible	CC	6462	AIRPORT DINER INC	MICHAEL J HERBS		0.25	
032068	CORP-Marketing	575350	Meals Deductible	CC	6462	HOULIHAN'S I-DRIVE	MICHAEL J HERBS		1.23	
032068	CORP-Marketing	575350	Meals Deductible	CC	6462	KELLY'S ROAST BEEF, INC.	MICHAEL J HERBS		0.44	
032068	CORP-Marketing	575350	Meals Deductible	CC	6462	SYLVAN STREET GRILLE	MICHAEL J HERBS		0.92	
032068	CORP-Marketing	575350	Meals Deductible	CC	6484	PAYPAL INSTITUTEIN	KRISTIN C VILLECCO		0.94	
032068	CORP-Marketing	575350	Meals Deductible	CC	6484		MARYBETH VREES		-8.47	
032068	CORP-Marketing	575350	Meals Deductible	CC	6484		MICHAEL J HERBS		2.25	
032068	CORP-Marketing	575350	Meals Deductible	CC	6529	ONTARIO INT'L AIRPORT	MARYBETH VREES		0.32	
032068	CORP-Marketing	575350	Meals Deductible	CC	6529	S3 CPK KIOSK P	MARYBETH VREES		0.38	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	99RRANT 20069DANVRS	MICHAEL J HERBS		1.2	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	BARRY'S PIZZA #624 Q	MICHAEL J HERBS		0.17	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	BUFFALO WILD WINGS	MICHAEL J HERBS		0.32	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	DUNKIN #342518 Q	MICHAEL J HERBS		0.36	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	IBIZA	MICHAEL J HERBS		5.92	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	SCHILO S DELICATESSEN	MICHAEL J HERBS		2.09	
032068	CORP-Marketing	575350	Meals Deductible	CC	6555	SUB MARINOS CAFE	MICHAEL J HERBS		0.32	
032068	CORP-Marketing	575350	Meals Deductible	CC	6580	99RRANT 20069DANVRS	MICHAEL J HERBS		1.1	
032068	CORP-Marketing	575350	Meals Deductible	CC	6580	APPLEBEES	MICHAEL J HERBS		0.54	
032068	CORP-Marketing	575350	Meals Deductible	CC	6580	BASSETTS ORIGINAL TURKEY	MICHAEL J HERBS		0.23	
032068	CORP-Marketing	575350	Meals Deductible	CC	6580	DUNKIN #342518 Q	MICHAEL J HERBS		0.28	
032068	CORP-Marketing	575350	Meals Deductible	CC	6580	QUIZNOS A/S C	CLARK VAN DER BEKEN		0.24	

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032068	CORP-Marketing	575350	Meals Deductible	CC	6580	STARBUCKS USA	CLARK VAN DER BEKEN		0.13	
032068	CORP-Marketing	575350	Meals Deductible	CC	6580	SUBWAY	CLARK VAN DER BEKEN		0.12	
032068	CORP-Marketing	575350	Meals Deductible	CC	6599	THE RK GROUP LLC	MICHAEL J HERBS		-4.95	
032068	CORP-Marketing	575350	Meals Deductible	CC	6642	99RRANT 20069DANVRS	MICHAEL J HERBS		0.61	
032068	CORP-Marketing	575350	Meals Deductible	CC	6642	DUNKIN #342518 Q	MICHAEL J HERBS		0.14	
032068	CORP-Marketing	575350	Meals Deductible	CC	6664	AMTRAK NRTHEAST CAFE Q	MARYBETH VREES		0.29	
032068	CORP-Marketing	575350	Meals Deductible	CC	6664	AMTRAK TELEP	MARYBETH VREES		-2.34	
032068	CORP-Marketing	575350	Meals Deductible	CC	6664	BARRY'S PIZZA #624 Q	MARYBETH VREES		0.19	
032068	CORP-Marketing	575350	Meals Deductible	CC	6664	FAMOUS FAMIGLIA - SAN	MARYBETH VREES		0.22	
032068	CORP-Marketing	575350	Meals Deductible	CC	6664	MADDOGS PUBLIC HOUSE	MARYBETH VREES		3.97	
032068	CORP-Marketing	575350	Meals Deductible	CC	6664	PANDA EXPRESS	MARYBETH VREES		0.14	
032068	CORP-Marketing	575350	Meals Deductible	CC	6724	JOHNNY ROCKETS	MARYBETH VREES			0.22
032068	CORP-Marketing	575350	Meals Deductible	CC	6724	MAX AND ERMAS DULLES	MARYBETH VREES			0.84
032068	CORP-Marketing	575350	Meals Deductible	CC	6760	ANTHONY MICHAEL'S C	CLARK VAN DER BEKEN			2.88
032068	CORP-Marketing	575350	Meals Deductible	CC	6760	DUNKIN #337538 Q	CLARK VAN DER BEKEN			0.86
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	BURGER KING E-	MARYBETH VREES			0.12
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	CAJUN & GRILL	MICHAEL J HERBS			0.22
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	COURTYARD BY MARRIOTT-DAN	MICHAEL J HERBS			0.61
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	DUNKIN #342518 Q	MICHAEL J HERBS			0.56
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	GRANITE CITY FOOD	MARYBETH VREES			1.62
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	IND CAMDEN FOO	MARYBETH VREES			0.32
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	KELLY'S ROAST BEEF, INC.	MICHAEL J HERBS			0.33
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	KING OF PIZZA	MICHAEL J HERBS			0.21
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	MEM BLUE NOTE	THOMAS A HERRMANN			0.58
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	MILLTOWNE GRILLE	MICHAEL J HERBS			0.23
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	PAPA JOHNS	THOMAS A HERRMANN			0.29
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	PHILLY AIR AUBONPAIN	MARYBETH VREES			0.19
032068	CORP-Marketing	575350	Meals Deductible	CC	6783	VILLA FIK	MARYBETH VREES			0.32
032068	CORP-Marketing	575350	Meals Deductible	CC	6806	ANTHONY MICHAEL'S C	CLARK VAN DER BEKEN			9.31
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	COSI -	KIMBERLY A SELBY			0.23
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	DOMINOS PIZZA	THOMAS A HERRMANN			0.39
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	FLAT BREAD TPA	ANNA MARIE RILEY			0.13
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	GREENLEAFS AND BANANAS	MARYBETH VREES			0.14
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	JACKSON'S BISTRO	ANNA MARIE RILEY			0.76
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	MASSOS DELI & PIZZERIA	MICHAEL J HERBS			1.56
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	PF CHANGS	THOMAS A HERRMANN			0.37
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	RICKSHAW DUMPLING BAR	KIMBERLY A SELBY			0.26
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	S STATION AUBONPAIN	KIMBERLY A SELBY			0.18
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	SYLVAN STREET GRILLE	KIMBERLY A SELBY			0.8
032068	CORP-Marketing	575350	Meals Deductible	CC	6829	WHOLEFDS CHE	KIMBERLY A SELBY			0.37
032068	CORP-Marketing	575350	Meals Deductible	CC	6865	AIRPORT DINER INC	MICHAEL J HERBS			0.34
032068	CORP-Marketing	575350	Meals Deductible	CC	6865	DUNKIN #342518 Q	MICHAEL J HERBS			0.28
032068	CORP-Marketing	575350	Meals Deductible	CC	6865	PASSARIELLOS PIZZERIA	MARYBETH VREES			0.61
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	CANTINA LAREDO	MARYBETH VREES			1.22
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	COCONUT BAY FUSHION CUISI	MICHAEL J HERBS			0.54
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	MCMILLANS BAKERY INC	KIMBERLY A SELBY			0.35
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	PANERA BREAD	KIMBERLY A SELBY			8.02

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032068	CORP-Marketing	575350	Meals Deductible	CC	6920		MICHAEL J HERBS			0.29
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	PASTA POMODORO	MICHAEL J HERBS			2.15
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	PHILLY AIR AUBONPAIN	MICHAEL J HERBS			0.39
032068	CORP-Marketing	575350	Meals Deductible	CC	6920	PROVIDENCE AIRPORT A	MARYBETH VREES			0.99
032068	CORP-Marketing	575350	Meals Deductible	CC	6994	5 STAR CHILI LLC	THOMAS A HERRMANN			0.68
032068	CORP-Marketing	575350	Meals Deductible	CC	6994	WOODFORD BAR &	THOMAS A HERRMANN			1.44
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	99RRANT 20069DANVRS	MICHAEL J HERBS			0.56
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	ARBYS 9520	MARYBETH VREES			0.23
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	CANTINA LAREDO	MARYBETH VREES			0.42
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	COLLINS BOWLING	MARYBETH VREES			2.69
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	DUNKIN #342518 Q	MICHAEL J HERBS			0.28
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	MARRIOTT 33737 PHILD ARPT	MARYBETH VREES			0.3
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	MCDONALD'S F	MARYBETH VREES			0.05
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	OCHARLEYS209 RMNDRD	MARYBETH VREES			1.62
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	THE CHOP HOUSE	MARYBETH VREES			12.86
032068	CORP-Marketing	575350	Meals Deductible	CC	7020	ZONA MEXICANA	MARYBETH VREES			0.22
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	BASSETTS ORIGINAL TURKEY	MICHAEL J HERBS			0.23
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	CJ'S GREAT WEST GRILL	MICHAEL J HERBS			0.7
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	COURTYARD BY MARRIOTT MAN	KIMBERLY A SELBY			0.04
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	KAMINSKIS	MICHAEL J HERBS			0.54
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	MASSOS DELI & PIZZERIA	MICHAEL J HERBS			1.14
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	PHL-CHICK-FIL-	THOMAS A HERRMANN			0.17
032068	CORP-Marketing	575350	Meals Deductible	CC	7038	STARBUCKS USA	KIMBERLY A SELBY			0.13
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	BWI-ABP	MARYBETH VREES			0.47
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	COURTYARD BY MARRIOTT MAN	BARRY L PAWELEK			1.55
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	DULLES GOURMET MARKET	BARRY L PAWELEK			0.21
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	HUDSON NEWS COMPANY	BARRY L PAWELEK			0.12
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	LUCKY STRIKE PHILADELP	MARYBETH VREES			0.53
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	OAK STREET BEACH CA	MARYBETH VREES			0.21
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	PASTA POMODORO	MICHAEL J HERBS			3.03
032068	CORP-Marketing	575350	Meals Deductible	CC	7063	UNITED AIR INFLT.	BARRY L PAWELEK			0.13
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	ARBY'S #881	BARRY L PAWELEK			0.18
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	COPPER MOON II	BARRY L PAWELEK			0.15
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	GREAT AMER BAG	BARRY L PAWELEK			0.14
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	HILTON 120 WEST MKT GR	BARRY L PAWELEK			0.19
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	MAKI OF JAPAN #F-	BARRY L PAWELEK			0.19
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	MCDONALD'S F	BARRY L PAWELEK			0.3
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	PANERA BREAD	KRISTIN C FERGUSON			3.76
032068	CORP-Marketing	575350	Meals Deductible	CC	7064	TUTTI TOSCANI BY LAMBERTI	MICHAEL J HERBS			0.73
032068	CORP-Marketing	575350	Meals Deductible	CC	7114	RENAISSANCE CATERING C	MICHAEL J HERBS			0.56
032068	CORP-Marketing	575350	Meals Deductible	CC	7116	JOHNNY ROCKETS	MARYBETH VREES			0.32
032068	CORP-Marketing	575350	Meals Deductible	CC	7116	MCDONALD'S F	BARRY L PAWELEK			0.26
032068	CORP-Marketing	575350	Meals Deductible	CC	7116	ONTARIO INT'L AIRPORT	MARYBETH VREES			0.31
032068	CORP-Marketing	575350	Meals Deductible	CC	7116	PIZZA HUT S3 P	MARYBETH VREES			0.17
032068	CORP-Marketing	575350	Meals Deductible	CC	7116	PRIMO'S HOAGIES - VOO	MICHAEL J HERBS			1.48
032068	CORP-Marketing	575350	Meals Deductible	CC	7116		THERESA A DEVECCHIS			1.55
032068	CORP-Marketing	575350	Meals Deductible	CC	7157	99RRANT 20069DANVRS	MICHAEL J HERBS			0.54

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032068	CORP-Marketing	575350	Meals Deductible	CC	7157	DUNKIN #342518 Q	MICHAEL J HERBS			0.28
032068	CORP-Marketing	575350	Meals Deductible	CC	7157	SYLVAN STREET GRILLE	MICHAEL J HERBS			1.27
032068	CORP-Marketing	575350	Meals Deductible	CC	7179	E-18 CPK STL	MARYBETH VREES			0.34
032068	CORP-Marketing	575350	Meals Deductible	CC	7179	VILLA FIK	MARYBETH VREES			0.12
032068	CORP-Marketing	575350	Meals Deductible	CC	30895797	BEST BUY	CLARK VAN DER BEKEN		0.92	
032068	CORP-Marketing	575350	Meals Deductible	CC	30895797		MARYBETH VREES		19.94	
032068 Total	**CORP-Marketing**							**$ 1,300.74**	**$ 1,284.34**	**$ 970.08**
032085	CORP-External Communications	575340	Employee Expense	CC	4407	MARRIOTT 33737 PHLDP ARPT	KRISTIN C FERGUSON	9.7		
032085	CORP-External Communications	575340	Employee Expense	CC	4407	PPAPHLY	KRISTIN C FERGUSON	0.77		
032085	CORP-External Communications	575340	Employee Expense	CC	4504	MARRIOTT 33737 PHLDP ARPT	JULIE R SCHARLE	8.79		
032085	CORP-External Communications	575340	Employee Expense	CC	4504	PPAPHLY	JULIE R SCHARLE	0.69		
032085	CORP-External Communications	575340	Employee Expense	CC	4934	MARRIOTT 33737 PHLDP ARPT	KRISTIN C VILLECCO	4.86		
032085	CORP-External Communications	575340	Employee Expense	CC	5116	05001 PKWY-BELLEVUE GR	JULIE R SCHARLE	0.31		
032085	CORP-External Communications	575340	Employee Expense	CC	5411	AMEXFEE	KRISTIN C VILLECCO	0.11		
032085	CORP-External Communications	575340	Employee Expense	CC	5411	CCIA PARKING CENTER	KRISTIN C VILLECCO	0.43		
032085	CORP-External Communications	575340	Employee Expense	CC	5481			18.25		
032085	CORP-External Communications	575340	Employee Expense	CC	5932				3.94	
032085	CORP-External Communications	575340	Employee Expense	CC	5975	05721 PARKWY-12TH & AR	KRISTIN C VILLECCO		0.53	
032085	CORP-External Communications	575340	Employee Expense	CC	6154	MARRIOTT 33737 PHLDP ARPT	KRISTIN C VILLECCO		12.68	
032085	CORP-External Communications	575340	Employee Expense	CC	6179				16.76	
032085	CORP-External Communications	575340	Employee Expense	CC	6201				10.38	
032085	CORP-External Communications	575340	Employee Expense	CC	6223				0.4	
032085	CORP-External Communications	575340	Employee Expense	CC	6335				9.21	
032085	CORP-External Communications	575340	Employee Expense	CC	6378				9.4	
032085	CORP-External Communications	575340	Employee Expense	CC	6506	PHILADELPHIA BIZ JOURNAL	DENISE V FREE		1.66	
032085	CORP-External Communications	575340	Employee Expense	CC	6506	PHILADELPHIA PUBLIC RELAT	DENISE V FREE		0.49	
032085	CORP-External Communications	575340	Employee Expense	CC	6642	AMTRAK .COM	KRISTIN C VILLECCO		2.55	
032085	CORP-External Communications	575340	Employee Expense	CC	6642	METROPARK	KRISTIN C VILLECCO		0.1	
032085	CORP-External Communications	575340	Employee Expense	CC	6664				34.24	
032085	CORP-External Communications	575340	Employee Expense	CC	6693					0.57
032085	CORP-External Communications	575340	Employee Expense	CC	6693	ADRIENNE PIZZA BAR	KRISTIN C VILLECCO			0.46
032085	CORP-External Communications	575340	Employee Expense	CC	6693	AMTRAK	KRISTIN C VILLECCO			0.81
032085	CORP-External Communications	575340	Employee Expense	CC	6693	AMTRAK .COM	KRISTIN C VILLECCO			0.89
032085	CORP-External Communications	575340	Employee Expense	CC	6693	AMTRAK ACELA CAFE Q	KRISTIN C VILLECCO			0.27
032085	CORP-External Communications	575340	Employee Expense	CC	6693	HILTON HOTELS MILLENIM	KRISTIN C VILLECCO			6.83
032085	CORP-External Communications	575340	Employee Expense	CC	6693	NYC-TAXI	KRISTIN C VILLECCO			0.29
032085	CORP-External Communications	575340	Employee Expense	CC	6693	PHILADELPHIA TAXI	KRISTIN C VILLECCO			0.22
032085	CORP-External Communications	575340	Employee Expense	CC	6724					5.1
032085	CORP-External Communications	575340	Employee Expense	CC	6829					4.47
032085	CORP-External Communications	575340	Employee Expense	CC	6920	01205 PARKWAY-LIBERTY	DENISE V FREE			0.28
032085	CORP-External Communications	575340	Employee Expense	CC	6920	EXPERT PARKING GALLERY II	KRISTIN C FERGUSON			0.51
032085	CORP-External Communications	575340	Employee Expense	CC	7020					0.75
032085	CORP-External Communications	575340	Employee Expense	CC	7020	LOEWS HOTELS PRKING PHILA	DENISE V FREE			0.39
032085	CORP-External Communications	575340	Employee Expense	CC	7038	MARRIOTT 33737 PHLDP ARPT	KRISTIN C FERGUSON			3.84
032085	CORP-External Communications	575340	Employee Expense	CC	7063	LIRR TVM	DENISE V FREE			0.13
032085	CORP-External Communications	575340	Employee Expense	CC	7063	NJ TRANSIT - HOBOKEN	DENISE V FREE			0.39

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032085	CORP-External Communications	575340	Employee Expense	CC	7063	NJT TRENTON	DENISE V FREE			0.31
032085	CORP-External Communications	575340	Employee Expense	CC	7063	NYWW HOBOKEN S TOM	DENISE V FREE			0.22
032085	CORP-External Communications	575340	Employee Expense	CC	7063	STATION PLAZA PARKING FAC	DENISE V FREE			0.2
032085	CORP-External Communications	575340	Employee Expense	CC	7114	AMTRAK .COM	KRISTIN C FERGUSON			3.37
032085	CORP-External Communications	575340	Employee Expense	CC	7114	COSI -	KRISTIN C FERGUSON			0.1
032085	CORP-External Communications	575340	Employee Expense	CC	7114	NYC TAXI MED 2L	KRISTIN C FERGUSON			0.3
032085	CORP-External Communications	575340	Employee Expense	CC	7114	NYC-TAXI	KRISTIN C FERGUSON			0.36
032085	CORP-External Communications	575340	Employee Expense	CC	7114	PHILADELPHIA TAXI	KRISTIN C FERGUSON			0.19
032085	CORP-External Communications	575340	Employee Expense	CC	7157					0
032085	CORP-External Communications	575340	Employee Expense	CC	7179					4.31
032085	CORP-External Communications	575340	Employee Expense	CC	7179	EZ PARK	KRISTIN C FERGUSON			0.28
032085	CORP-External Communications	575340	Employee Expense	CC	7179	NJ TRANSIT - HOBOKEN	DENISE V FREE			0.39
032085	CORP-External Communications	575340	Employee Expense	CC	7179	NYWW HOBOKEN S TOM	DENISE V FREE			0.22
032085	CORP-External Communications	575342	Employee Exp Conf/Registration	CC	5481			-6.02		
032085	CORP-External Communications	575350	Meals Deductible	CC	5481			1.46		
032085	CORP-External Communications	575350	Meals Deductible	CC	5908	PASTA POMODORO	DIANE J JOHNS		0.79	
032085	CORP-External Communications	575350	Meals Deductible	CC	5927				18.59	
032085	CORP-External Communications	575350	Meals Deductible	CC	5975	APPLEBEES	KRISTIN C VILLECCO		0.48	
032085	CORP-External Communications	575350	Meals Deductible	CC	6484	PAYPAL INSTITUTEIN	KRISTIN C VILLECCO		0.21	
032085	CORP-External Communications	575350	Meals Deductible	CC	7020					0.61
032085	CORP-External Communications	575350	Meals Deductible	CC	7020	DUNKIN #337538 Q	DENISE V FREE			0.41
032085	CORP-External Communications	575350	Meals Deductible	CC	7038					2.51
032085	CORP-External Communications	575350	Meals Deductible	CC	7116					1.61
032085 Total	CORP-External Communications	575350	Meals Deductible	CC	7116			39.35	122.41	41.59
032086	CORP-Internal Communications	575340	Employee Expense	CC	4407			14.1		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4504			0.31		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4504	MARRIOTT 33737 PHLDP ARPT	JULIE R SCHARLE	9.48		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4722	SOUTHWESTAIR	DIANE J JOHNS	3.65		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4790	HILTON ST LOUIS BALLPARK	DIANE J JOHNS	0.22		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4790	PHILA KING OF PIZZA	DIANE J JOHNS	0.13		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4790	PPAPHLY	DIANE J JOHNS	0.69		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4790	THE GREAT AMERICAN BAG	DIANE J JOHNS	0.19		
032086	CORP-Internal Communications	575340	Employee Expense	CC	4875	PARK AMERICA	DIANE J JOHNS	0.45		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182			24.73		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	AMERICAN AI	DIANE J JOHNS	1.83		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	AMEX FEE GZPHUW	DIANE J JOHNS	0.1		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	AMEXFEE	DIANE J JOHNS	0.1		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	ENTERPRISE RENT-A-CAR	DIANE J JOHNS	3.31		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	HOLIDAY INNS ALTON	DIANE J JOHNS	4.57		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	PPAPHLY	DIANE J JOHNS	1.22		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	QT 601	DIANE J JOHNS	0.26		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	USAIRWAYS	DIANE J JOHNS	3.79		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5182	WOLFGANG PUCKS	DIANE J JOHNS	0.24		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5411	AMEXFEE	CARRIE A NECKY	0.1		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5411	USAIRWAYS	CARRIE A NECKY	3.2		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5503	AMTRAK - JUL	DIANE J JOHNS	3.59		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5503	AMTRAK SHORT TERM/METE	DIANE J JOHNS	0.65		

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032086	CORP-Internal Communications	575340	Employee Expense	CC	5503	INTERPARKING	DIANE J JOHNS	0.45		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5503	PANERA BREAD	DIANE J JOHNS	0.38		
032086	CORP-Internal Communications	575340	Employee Expense	CC	5725	AMEX FEE HSVRTN	KATHERINE M BELL		0.1	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5725	AMTRAK .COM	KATHERINE M BELL		2.14	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5725	NYC-TAXI	KATHERINE M BELL		0.24	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5725	RENAISSANCE HOTELS 9671N	KATHERINE M BELL		7.47	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5725	SOUTHWESTAIR	KATHERINE M BELL		3.27	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5860	DELTA AIR	KATHERINE M BELL		4.92	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5860	UNION LEAGUE GRG	KATHERINE M BELL		0.51	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5860	USAIRWAYS	KATHERINE M BELL		1.83	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5908	AMEXFEE	DIANE J JOHNS		0.1	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5908	DELTA AIR	DIANE J JOHNS		5.45	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5932	AMERICAN BAGEL-EAST	KATHARINE M BELL		0.1	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5932	AU BON PAIN #231 CAFE	KATHARINE M BELL		0.08	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5932	PPAPHLY	KATHARINE M BELL		0.4	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	CHS @ CREATIVE	KATHARINE M BELL		0.11	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	DELTA AIR	KATHARINE M BELL		0.6	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	DOUBLETREE SUITES LEXINGT	KATHARINE M BELL		4.73	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	MARRIOTT RIVERBEND GRILL	KATHARINE M BELL		0.51	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	PANERA BREAD	KATHARINE M BELL		0.46	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	PARADIES	KATHARINE M BELL		0.05	
032086	CORP-Internal Communications	575340	Employee Expense	CC	5953	SAL'S ITALIAN CHOPHOUS	KATHARINE M BELL		4.4	
032086	CORP-Internal Communications	575340	Employee Expense	CC	6050	DELTA AIR	DIANE J JOHNS		0.6	
032086	CORP-Internal Communications	575340	Employee Expense	CC	6050	DOUBLETREE SUITES LEXINGT	DIANE J JOHNS		4.89	
032086	CORP-Internal Communications	575340	Employee Expense	CC	6050	PANERA BREAD	DIANE J JOHNS		0.12	
032086	CORP-Internal Communications	575340	Employee Expense	CC	6201	PPAPHLY	KATHERINE M BELL		0.75	
032086	CORP-Internal Communications	575340	Employee Expense	CC	6484	PAYPAL INSTITUTEIN	DIANE J JOHNS		0.36	
032086	CORP-Internal Communications	575340	Employee Expense	CC	6724	AMEXFEE	DIANE J JOHNS			0.1
032086	CORP-Internal Communications	575340	Employee Expense	CC	6724	USAIRWAYS	DIANE J JOHNS			4.03
032086	CORP-Internal Communications	575340	Employee Expense	CC	6783	AMEXFEE	KATHERINE M BELL			0.1
032086	CORP-Internal Communications	575340	Employee Expense	CC	6783	PPAPHLY	DIANE J JOHNS			1.18
032086	CORP-Internal Communications	575340	Employee Expense	CC	6783	RESIDENCE INNS PENSACOLA	DIANE J JOHNS			5.01
032086	CORP-Internal Communications	575340	Employee Expense	CC	6783		THOMAS A HERRMANN			4.88
032086	CORP-Internal Communications	575340	Employee Expense	CC	6783	USAIRWAYS	DIANE J JOHNS			0.92
032086	CORP-Internal Communications	575340	Employee Expense	CC	6783		KATHERINE M BELL			4.03
032086	CORP-Internal Communications	575340	Employee Expense	CC	6806	TRANSLINE LIMOUSINE	KATHERINE M BELL			2.36
032086	CORP-Internal Communications	575340	Employee Expense	CC	6806	USAIRWAYS	KATHERINE M BELL			0.98
032086	CORP-Internal Communications	575340	Employee Expense	CC	7020	IBAHN CORPORATION	KATHERINE M BELL			0.26
032086	CORP-Internal Communications	575340	Employee Expense	CC	7020	MARRIOTT 33737 PHLDP ARPT	KATHERINE M BELL			1.2
032086	CORP-Internal Communications	575340	Employee Expense	CC	7023					13.88
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	ALAMO RENT-A-CAR	KATHERINE M BELL			0.85
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	AMERICAN AI	KATHERINE M BELL			7.22
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	DELTA AIR	KATHERINE M BELL			3.65
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	DOUBLE TREE GUEST SUIT	KATHERINE M BELL			5.53
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	GLORIETTA BAY INN	KATHERINE M BELL			2.54
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	PLN PRICELINE.COM RNTL	KATHERINE M BELL			2.98
032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	RAPID ROVER AIRPORT SHUTT	KATHERINE M BELL			0.69

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032086	CORP-Internal Communications	575340	Employee Expense	CC	7038	USAIRWAYS	KATHERINE M BELL			7.14
032086	CORP-Internal Communications	575340	Employee Expense	CC	7114	ALAMO RENT-A-CAR	KATHERINE M BELL			-0.85
032086	CORP-Internal Communications	575340	Employee Expense	CC	7116	DAYS HOTEL	KELLEY J GILLENWATER			1.83
032086	CORP-Internal Communications	575340	Employee Expense	CC	7116	HOLIDAY INN EXPRESS	KELLEY J GILLENWATER			2.12
032086	CORP-Internal Communications	575340	Employee Expense	CC	7116	HOLIDAY INN EXPRESS HOTEL	KELLEY J GILLENWATER			2.04
032086	CORP-Internal Communications	575340	Employee Expense	CC	7116	LAZ PARKING	KATHERINE M BELL			0.51
032086	CORP-Internal Communications	575340	Employee Expense	CC	7116	SOUTHWESTAIR	KATHERINE M BELL			10.24
032086	CORP-Internal Communications	575340	Employee Expense	CC	7179	1301 #297 PARKING Q	KATHERINE M BELL			0.39
032086	CORP-Internal Communications	575342	Employee Exp Conf/Registration	CC	4979	KRM INFORMATION SERVICES	DIANE J JOHN5	6.1		
032086	CORP-Internal Communications	575342	Employee Exp Conf/Registration	CC	5432	Ragan Communications Inc	DIANE J JOHNS	3.98		
032086	CORP-Internal Communications	575342	Employee Exp Conf/Registration	CC	5481			6.02		
032086	CORP-Internal Communications	575342	Employee Exp Conf/Registration	CC	5725	Ragan Communications Inc	KATHERINE M BELL		21.68	
032086	CORP-Internal Communications	575342	Employee Exp Conf/Registration	CC	6865	Ragan Communications Inc	KATHERINE M BELL			1.95
032086	CORP-Internal Communications	575342	Employee Exp Conf/Registration	CC	7179	IABC WASHINGTON	KATHERINE M BELL			4.43
032086	CORP-Internal Communications	575350	Meals Deductible	CC	4583			0.47		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	4660			0.66		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	4748	MASSOS DELI & PIZZERIA	DIANE J JOHN5	1.42		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5116	MASSOS DELI & PIZZERIA	DIANE J JOHNS	0.87		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5204			11.36		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5274	PASTA POMODORO	DIANE J JOHNS	0.57		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5321	MANHATTAN BAGEL-MOOREST	DIANE J JOHNS	3.32		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5321	PAT'S PIZZERIA CINNAMINS	DIANE J JOHNS	3.64		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5503	AU BON PAIN #088 CAFE	DIANE J JOHNS	0.12		
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5681	REDSTONE AMERICAN GRILL	DIANE J JOHNS		3.92	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5725	ANTHONY MICHAEL'S C	KATHERINE M BELL		1.69	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5725	AU BON PAIN #088 CAFE	KATHERINE M BELL		0.06	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5725	JOHNNY ROCKETS	KATHERINE M BELL		0.33	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	5725	PASSARIELLOS PIZZERIA	KATHERINE M BELL		2.51	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6378	COUNTRY CLUB DINER	DIANE J JOHNS		0.49	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6506	PASTA POMODORO	DIANE J JOHNS		12.08	
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6760	PANERA BREAD	JESSICA L WALSER			3.18
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6760	SONNYS REAL PIT BAR B Q P	JESSICA L WALSER			1.82
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6783	ASIAN CHAO 76 Q	DIANE J JOHNS			0.17
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6806	CHILI'S CLT	KATHERINE M BELL			0.59
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6806	PENSACOLA ALE	KATHERINE M BELL			2.85
032086	CORP-Internal Communications	575350	Meals Deductible	CC	6806	THE FISH HOUSE	KATHERINE M BELL			6.04
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7023					0.84
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	AU BON PAIN Q	KATHERINE M BELL			0.09
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	CLAYTON'S COFFEE SHOP	KATHERINE M BELL			0.26
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	DOUBLE TREE GUEST SUIT	KATHERINE M BELL			0.3
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	EASTSIDE MARIO'S	KATHERINE M BELL			0.06
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	MALONE'S	KATHERINE M BELL			0.93
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	MIGUEL'S COCINA	KATHERINE M BELL			1
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	OLD TOWN MEXICAN CAFE	KATHERINE M BELL			0.59
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	PANERA BREAD	KATHERINE M BELL			0.15
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	PHL-D-JETROCKBAR&GRILL	KATHERINE M BELL			0.23
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7038	THE CHOP HOUSE	KATHERINE M BELL			0.71

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032086	CORP-Internal Communications	575350	Meals Deductible	CC	7116	FIRESIDE BREWHOUSE	KELLEY J GILLENWATER			0.98
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7116	LITTLE MEXICO	KELLEY J GILLENWATER			1.12
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7116	WENDY'S #3252 Q	KELLEY J GILLENWATER			0.22
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7179	APPLEBEES	KELLEY J GILLENWATER			0.36
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7179	RENAISSANCE CATERING C	KATHERINE M BELL			2.01
032086	CORP-Internal Communications	575350	Meals Deductible	CC	7179	THE TORTILLA PRESS	KATHERINE M BELL			1.71
032086	CORP-Internal Communications	575350	Meals Deductible	PV	42030348	Jackson Brothers	CUST#1982	1.19		
032086	CORP-Internal Communications	575350	Meals Deductible	PV	42108961	Jackson Brothers	CUST#1982	0.13		
032086 Total	**CORP-Internal Communications**							$ 117.59	$ 86.95	$ 118.40
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	4332	5 STAR WANAMAKER LOT	JULIE R SCHARLE	0.2		
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	4625	JAMES LIMOUSINE SERVICE	JULIE R SCHARLE	4		
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	5481	TOUCH OF CLASS TRANSPO	CARRIE A NECKY	2.08		
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	5860				15.91	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	5908				25.73	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6024				17.73	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6106				24.75	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6201				40.6	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6223				8.7	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6335				25.8	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6378				13.46	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6555				15.96	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6664				18.08	
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6693					0.39
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6829					21.1
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6920					31.62
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	6994					58.01
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	7063					27.76
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	7116					27.05
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	7157					38.22
032087	CORP-Corp Social Resp	575340	Employee Expense	CC	7179					43.04
032087	CORP-Corp Social Resp	575342	Employee Exp Conf/Registration	CC	5860				27.62	
032087	CORP-Corp Social Resp	575342	Employee Exp Conf/Registration	CC	5884				25.05	
032087	CORP-Corp Social Resp	575342	Employee Exp Conf/Registration	CC	6024				0.77	
032087	CORP-Corp Social Resp	575342	Employee Exp Conf/Registration	CC	6201				29.7	
032087	CORP-Corp Social Resp	575342	Employee Exp Conf/Registration	CC	6920					4.93
032087	CORP-Corp Social Resp	575342	Employee Exp Conf/Registration	CC	7063					32.51
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	4382	CHEESECAKE CHERRY HILL	KRISTIN C FERGUSON	0.54		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	4662			1.52		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	4698	VITO'S PIZZA	KRISTIN C FERGUSON	1.08		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	4962			4.08		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	5102			12.61		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	5321			3.2		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	5345			3.53		
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	5658	ELITE CATERING	CARRIE A NECKY		3.4	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	5908				2.36	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	5975	DUNKIN #337538 Q	CARRIE A NECKY		0.36	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6024				1.1	

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUESTS TO PETITIONER
CITY OF CHATTANOOGA
TN-COC-01-Q71

Tennessee American Selected Service Company Travel and Entertainment Costs
Excluding Capitalized costs

Document Types
CC= Credit Card
PS=Disbursement Request
PV =Paid Voucher

Business Unit	Business Unit Name	Object	Object Account Name	Document Type	Document #	Explanation 1	Explanation 2	Amount Charged to TAWC Year 2008	2009	2010
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6032				3.56	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6106				0.9	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6201				1.32	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6335				1.28	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6378				2.37	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6385	DELTA AIR	CARRIE A NECKY		0	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6385	ELITE CATERING	CARRIE A NECKY		2.6	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6462				3.54	
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6829					0.7
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6920					0.15
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	6994					2.63
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	7063					1.27
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	7179					3.49
032087	CORP-Corp Social Resp	575350	Meals Deductible	CC	7179	RENAISSANCE CATERING C	KRISTIN C FERGUSON			4.64
032087 Total	**CORP-Corp Social Resp**							$ 32.84	$ 312.65	$ 297.51
033025	WE-External Affairs	575342	Employee Exp Conf/Registration	CC	6806	CONFERENCES CONNECT	ANNA MARIE RILEY			19.6
033025 Total	**WE-External Affairs**									$ 19.60
Grand Total	**WE-External Affairs**	**575342**		**0 CC**	**6806**			**$ 4,209.55**	**$ 6,497.58**	**$ 4,221.85**

Insight

50148631

Invoice

Ship To 996515
AMERICAN WATER
Mike Dexter/demots
1025 Laurel Oak Rd
Voorhees NJ 08043

Invoice Number	Date	P/O Number	Packing List No	Sales Order No.	Payer Number	Account Clerk
202800936	04/01/2008	032037	87920324	30522643	1437370	H MANCUSO
Sales Rep No.	**Terms of payment:**		**Ship Via:**			**Currency**
3606	Net 45 Days		UNITED PARCEL SERVICE / Next Day			USD

Page 1 / 1

Material	Description	Qty	Price	Ext .Price
	AA03AVP07 NL			
CS-A08180-ENG	CARDSCAN EXECUTIVE V8 V8.0 SW DD06	1	231.41	231.41

Subtotal	231.41
Sales Tax	18.61
Ttl Freight Chg	34.39
Total amount due	**284.41**

THANK YOU FOR YOUR ORDER.
FOR BILLING QUESTIONS CALL 800-934-4477 : FOR TECHNICAL SUPPORT CALL 800-934-4477
FOR CLIENT SERVICE CALL 800-827-6100 : FOR SALES CALL 800-888-5390
The Terms and Conditions and Return Policy and Procedures set forth on
www.corp.insight.com/site/static/legal.cfm are specifically incorporated herein.

Insight P.O. BOX 713096
COLUMBUS, OH 43271-3096

Ship To 996515
AMERICAN WATER
Mike Dexter/demots
1025 Laurel Oak Rd
Voorhees NJ 08043

ACCOUNT NUMBER:	1437370
INVOICE DATE:	04/01/2008
INVOICE NUMBER:	202800936
BALANCE DUE:	284.41
AMOUNT PAID:	

☐ CHECK HERE FOR ADDRESS CHANGE
ENTER NEW ADDRESS ON REVERSE SIDE.

**TO ENSURE PROPER CREDIT,
PLEASE RETURN THIS PORTION WITH YOUR PAYMENT**

RECEIVED
APR 14 2003
SSC-MAILROOM

Please remit to

New Jersey-American Water Comp
Accounts Payable Department
C/O American Water Shared Serv
PO Box 5602
03-0098 CHERRY HILL NJ 08034

F.E.I.N. 36-3948996

INSIGHT
P.O. BOX 713096
COLUMBUS, OH 43271-3096

0001437370502028009360000028441149700000000000000000

JACKSON BROTHERS

5004257O
bc

Complete Full Service Vending • Cafeteria Operations • Catering
Commissary Fresh Vending Food • Office Beverage Services

31 International Plaza Ct. St. Ann, MO 63074 * (314)423-3993 (800)737-8363 (fax) 314-427-0759

$58.50
SY 4.25

SOLD TO
AMERICAN WATERWORKS SERVICE CO
ATTN: ARO3ASST02
PO BOX 5614
CHERRY HILL, NJ 08034

SHIP TO
AMERICAN WATERWORKS SERVICE CO
1410 DISCOVERY PARKWAY
ALTON, IL 62002

Must appear on Remittance

CUSTOMER #	CUSTOMER P.O. #	DIVISION/ROUTE	INVOICE #
1982		Catering	62076
INVOICE DATE	**DATE SHIPPED**	**SHIPPED FROM**	**DELIVERY TICKET #**
09/19/08	09/17/08		90387

LINE #	PROD #	DESCRIPTION	QTY	UNIT	UNIT PRICE	AMOUNT
	5000	CATERING EVENT	1	1ct	54.25	54.25
		Sales Tax				4.25 SY

Received
SEP 22 2008
SSC-Mailroom

TERMS	QTY	PAGE #	NET AMOUNT
NET 7 DAYS	1	1	58.50

CUSTOMER COPY *JACKSON BROTHERS THANKS YOU FOR YOUR BUSINESS!*

JACKSON BROTHERS

31 International Plaza Ct.
St. Ann, MO 63074
(314) 423-3993

CUSTOMER'S ORDER NO. | PHONE | DATE 9/16/08 9/17/08

NAME American Water

ADDRESS

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D.	PAID OUT

QTY.	DESCRIPTION	PRICE	AMOUNT
15	muffins	1.15	17.25
15	fruit cups	.50¢	7.50
25	Sodas	.50¢	12.50
15	danish	1.15	17.25
	Comm / Ruth Baker C/O		$54.75
		TAX	$3.75
RECEIVED BY		TOTAL	$58.50

90387 All claims and returned goods MUST be accompanied by this bill. NEBS To Reorder: 800-225-6380 or nebs.com THANK YOU

JACKSON BROTHERS

5004257D DC $6.48 SX .43

Complete Full Service Vending • Cafeteria Operations • Catering
Commissary Fresh Vending Food • Office Beverage Services

31 International Plaza Ct. St. Ann, MO 63074 * (314)423-3993 (800)737-8363 (fax) 314-427-0759

SOLD TO
AMERICAN WATERWORKS SERVICE CO
ATTN: AR03ASST02
PO BOX 5614
CHERRY HILL, NJ 08034

SHIP TO
AMERICAN WATERWORKS SERVICE CO
1410 DISCOVERY PARKWAY
ALTON, IL 62002

AR03ASST02 *Must appear on Remittance*

CUSTOMER #	CUSTOMER P.O. #	DIVISION/ROUTE	INVOICE #
1982		FS Line Chg/Cater	63071
INVOICE DATE	**DATE SHIPPED**	**SHIPPED FROM**	**DELIVERY TICKET #**
12/11/08	12/08/08		90526

LINE #	PROD #	DESCRIPTION	QTY	UNIT	UNIT PRICE	AMOUNT
	5000	CATERING EVENT	1	1ct	6.05	6.05
		Sales Tax				SY .43

Received
DEC 15 2008
SSC-Mailroom

TERMS	QTY	PAGE #	NET AMOUNT
NET 7 DAYS	1	1	6.48

CUSTOMER COPY *JACKSON BROTHERS THANKS YOU FOR YOUR BUSINESS!*

JACKSON BROTHERS

31 International Plaza Ct.
St. Ann, MO 63074
(314) 423-3993

CUSTOMER'S ORDER NO. | PHONE | DATE 12-8-08

NAME American Water T. Herrmann

ADDRESS CVQ

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D.	PAID OUT

QTY.	DESCRIPTION	PRICE	AMOUNT
12	Sodas	.50	6.00
	for K. Beel		
	R. Barker		
	T. Mackey		
	meet		
			6.00
		TAX	.48
		TOTAL	6.48

RECEIVED BY

90526

All claims and returned goods MUST be accompanied by this bill.

To Reorder: 800-225-6380 or nebs.com

THANK YOU

Received
DEC 15 2008
SSC-Mailroom

4222634 1

American Water - Accounts Payable
Invoice Adjustment Form: Business Requested

VENDOR INFORMATION

Vendor Number: 501788374
Vendor Name: Core & Co Wholesale
Original Voucher # :
PO # Associated:
Invoice Date: 4/20/09
Invoice # 70037300 0000 6704 ADJ

To be used for intentional adjustments to payments to vendors

PAYMENT INFORMATION

238705. 716121 50008335 DC99 29.50
232005. 620000. 36 DC99 144.08
232005. 575220. 16 TJ46 19.97
232005. 575003. 16 0H12 4.54

Deduction Code & Pay Description	G/L Accounting	WO/Sub & Type	Product Code	Amount Adjusted
	238705. 716121	50008335	6J00	34.90
J Other	232005. 575620. 16		6J00	159.03
	232005. 575620. 16		6J00	105.75
We have been paying	232005. 575220. 16		TJ46	50.82
only the minimum	032040. 575350. 16	1010335	H800	50.54
Amount	232005. 575220. 16		TJ46	6.40

Total 605.53 ~~$0.00~~

Deduction Codes

Merchandise not received	A	Credit not posted	F
Services not performed	B	No order reference on file	G
Incorrect price	C	Contract discount	H
Incorrect quantity ship	D	Original invoice short paid	I
Material Returned *	E	Other	J

RGA # Required:

American Water Contact Information:

Completed by: Kay Pratt
Phone: 5/19/09
Date: 5/19/09 ~~2/11/2009~~

*Approval: 5-19-09

* Approval must be signed by a Team Lead or Manager

Image Note Pad System Screen
System: A AABUBHS.001

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JDAPSTB
A=All C=Closed Only
O=Open Only A

D=Delete

?	User ID	Message Text	Entry Date	Close Date
	COLLINA	238705.716121.50008335.W=$29.50 (DC99)	050609	000000
	COLLINA	232005.620000.26=$144.08 (DC99)	050609	000000
	COLLINA	232005.575220.16=$19.97(TJ46)	050609	000000
	COLLINA	232005.575002.16=$4.54(GH12)	050609	000000
	COLLINA	238705.716121.50008335.W=$34.90(GJ00)	050609	000000
	COLLINA	232005.575620.16=$159.03(GJ00)	050609	000000
	COLLINA	230205.575620.16=$105.75(GI09)	050609	000000
	COLLINA	232005.575220.16=$50.82(TJ46)	050609	000000
	COLLINA	232005.575220.16=$50.54(TJ46)	050609	000000
	COLLINA	232005.575220.16=$6.40(TJ46)	050609	000000
	COLEBJ	OK TO PAY	050709	000000
	EGNERAJ	AMT IS 605.53	050809	000000
	EGNERAJ	PRODUCT CODE # GI09 IS INVALID FOR LINE 7	050809	000000
	EGNERAJ	PLEASE REVIEW & GET APPROVAL AGAIN.THANKS.	050809	000000

F3 =Exit F4 =Delete/Toggle F6 =Print F12 =Cancel Enter =Continue

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Image Note Pad System Screen
System: A AABUBHS.001

JDAPSTB
A=All C=Closed Only
O=Open Only **A**

D=Delete

?	User ID	Message Text	Entry Date	Close Date
	COLLINA	CORRECTION: LINE 7 AND LINE 9	050809	000000
	COLLINA	LINE 7	050809	000000
	COLLINA	230205.575620.16=$105.75 (GJ00)	050809	000000
	COLLINA	LINE 9	050809	000000
	COLLINA	032040.575350.16 = $50.54 (HB00)	050809	000000
	COLEBJ	OK TO PAY	051109	000000
	CASTORDA	BALANCE DUE 1788.02	051209	000000
	CASTORDA	WHAT AMOUNT DO YOU WANT TO PAY?	051209	000000
	COLLINA	CORRECTION : LINE 19	051409	000000
	COLLINA	032040.575350.16F.101023.=$50.54 (HB00)	051409	000000
	COLLINA	238705.716121.50008335.W=$109.51 (GJ00)	051409	000000
	COLLINA	232005.575620.16=$498.89 (GJ00)	051409	000000
	COLLINA	238705.716121.50008335.W=$19.50 (GJ00)	051409	000000
	COLLINA	232005.620000.24=$110.49(GJ00)	051409	000000

F3 =Exit **F4** =Delete/Toggle **F6** =Print **F12** =Cancel **Enter** =Continue

Image Note Pad System Screen
System: A AABUBHS.001

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JDAPSTB
A=All C=Closed Only
O=Open Only **A**

D=Delete

?	User ID	Message Text	Entry Date	Close Date
	COLLINA	238705.716121.50008335.W=$28.08 (GJ00)	051409	000000
	COLLINA	232005.620000.26=$322.90 (GJ00)	051409	000000
	COLLINA	238705.716121.50008335.W=$41.01 (GJ00)	051409	000000
	COLLINA	232005.620000.24=$186.85 (GJ00)	051409	000000
	COLLINA	CREDIT ISSUED FOR RETURN-238705.716121.50008335.W=	051409	000000
	COLLINA	- $41.01 (GJ00)	051409	000000
	COLLINA	CREDIT ISSUED FOR RETURN 23	051409	000000
	COLLINA	DISREGARD LINE ABOVE	051409	000000
	COLLINA	CREDIT ISSUED FOR RETURN 232005.620000.24=	051409	000000
	COLLINA	- $186.85 (GJ00)	051409	000000
	COLEBJ	OK TO PAY	051509	000000
	KNOLLKL	PLEASE TELL US HOW MUCH TO PAY THANKS	051809	000000
	COLLINA	PLEASE PAY $605.53 TOTAL APRIL STATEMENT	051809	000000
	COLLINA	238705.716121.50008335.W=$29.50	051809	000000

F3 =Exit F4 =Delete/Toggle F6 =Print F12 =Cancel Enter =Continue

Image Note Pad System Screen
System: A AABUBHS.001

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JDAPSTB
A=All C=Closed Only
O=Open Only A

D=Delete

?	User ID	Message Text	Entry Date	Close Date
	COLLINA	(DC99)	051809	000000
	COLLINA	232005.620000.26=$144.08 (DC99)	051809	000000
	COLLINA	232005.575220.16=$19.97(TJ46)	051809	000000
	COLLINA	232005.575002.16=$4.54(GH12)	051809	000000
	COLLINA	238705.716121.50008335.W=$34.90(GJ00)	051809	000000
	COLLINA	232005.575620.16=$159.03(GJ00)	051809	000000
	COLLINA	232205.575620.16=$105.75(GJ00)	051809	000000
	COLLINA	232005.57522016=$50.82(TJ46)	051809	000000
	COLLINA	032040.575350.16.F.101023=$50.54(HB00)	051809	000000
	COLLINA	232005.575220.16=$6.40(TJ46	051809	000000
	COLEBJ	OK TO PAY	051809	000000

F3 =Exit F4 =Delete/Toggle F6 =Print F12 =Cancel Enter =Continue

NSX
50178974 AE
COSTCO
A23ASST06

Please Direct Inquiries To: 1-800-220-8594

COSTCO WHOLESALE

Account Number	New Balance	Payment Due	Amount Past Due	Due Date
7003-7300-0000-6704	$1,788.02	$149.00	$.00	05/21/2009

Billing Date	Credit Line	Available Credit
04/26/2009	$3,500	$1,711.98

This communication serves as official notice that all calls to/from our offices may be monitored and/or recorded for quality assurance purposes.

STATEMENT OF YOUR ACCOUNT

FINANCE CHARGE SUMMARY

Credit Plan Description	Credit Plan Number	Average Daily Balance	Daily Periodic Rate	Corresponding APR	FINANCE CHARGES at Periodic Rate	ANNUAL PERCENTAGE RATE	New Balance	Minimum Payment Due	Promo Expire
Reg	00013	$1,478.16	0.04630%	16.90%	$21.21	16.90%	$1,788.02	$149.00	

ACCOUNT DETAIL

Transaction Date	Transaction Description	Invoice Number	User ID	P.O. Number	Transaction Amount
04/26/2009	BILLED FINANCE CHARGES		00000		$21.21
04/06/2009	COSTCO GLENDALE WAREHOUSE	053919	00001		$173.58
04/16/2009	COSTCO WHOLESALE BUSINESS	068939	00001		$24.51
04/16/2009	COSTCO WHOLESALE BUSINESS	069062	00001		$193.93
			00001	SUBTOTAL:	$392.02
04/15/2009	COSTCO SCOTTSDALE WAREHOU	070054	00011		$105.75
			00011	SUBTOTAL:	$105.75
04/16/2009	COSTCO GLENDALE WAREHOUSE	067518	00013		$50.82
04/19/2009	COSTCO GLENDALE WAREHOUSE	058209	00013		$50.54
04/22/2009	COSTCO GLENDALE WAREHOUSE	074224	00013		$6.40
			00013	SUBTOTAL:	$107.76
03/27/2009	RETURNED MERCHANDISE	100152482	00001		$227.86-
03/30/2009	PAYMENT - THANK YOU		00001		$543.24-

S-00000950 020000700000

Received
MAY - 4 2009
Shared Services Center

Return the below portion with payment. For billing errors or questions please refer to the back of the statement. Page 1 of 2

Account Number 7003-7300-0000-6704			
New Balance	Payment Due	Amount Past Due	Due Date
$1,788.02	$149.00	$.00	05/21/2009

04260000463 00205
Please make check payable to HSBC BUSINESS SOLUTIONS. Include your account number on your check or money order.
To avoid late charges, mail at least 7 business days before due date to the address shown below.

$ ☐☐☐☐☐.☐☐

ARIZONA AMERICAN WATER CO
PO BOX 5613
CHERRY HILL NJ 08034-0513

☐ New address or phone number? Please check box and complete reverse side.

HSBC BUSINESS SOLUTIONS
PO BOX 5219
CAROL STREAM IL 60197-5219

0 00178802000149000007003730000006704002052

A23ASST06
5/14
$1,092.38
will top

Check

owe
1,788.02
3/30 $543.24 pd

COSTCO WHOLESALE

COSTCO

ACCOUNT SUMMARY		
CURRENT	1-29 DAYS PAST DUE	30-59 DAYS PAST DUE
$149.00	$.00	$.00
60-89 DAYS PAST DUE	90-119 DAYS PAST DUE	120-149 DAYS PAST DUE
$.00	$.00	$.00
150-179 DAYS PAST DUE	180+ DAYS PAST DUE	
$.00	$.00	

BALANCE SUMMARY

Outstanding Transaction +New Purchase(s)/Debit(s)	$1,932.38
	$605.53
+ New Fees	$.00
+ Finance Charges	$21.21
- Payment(s)	$543.24
- Credit(s)	$227.86
= New Balance	$1,788.02

S-00000980 02000070000

$□□□□□.□□

☐ New address or phone number?
Please check box and complete reverse side.

80080226H8SCC0900020500017003730000006704 0002040000001710140 BCOSTCO
Please Direct Inquiries To: 1-800-220-8694 COSTCO

Account Number	New Balance	Payment Due	Amount Past Due	Due Date
7003-7300-0000-6704	$1,932.38	$176.34	$14.34	04/20/2009

Billing Date	Credit Line	Available Credit
03/26/2009	$3,500	$1,567.62

This communication serves as official notice that all calls to/from our offices may be monitored and/or recorded for quality assurance purposes.

STATEMENT OF YOUR ACCOUNT

FINANCE CHARGE SUMMARY

Credit Plan Desc	Credit Plan Number	Average Daily Balance	Daily Periodic Rate	Corresponding APR	FINANCE CHARGES at Periodic Rt	ANNUAL PERCENTAGE RATE	New Balance	Minimum Payment Due	Promo Expire
Reg	00013	$1,137.67	0.04630%	16.90%	$14.62	16.90%	$1,932.38	$176.34	

ACCOUNT DETAIL

Transaction Date	Transaction Description	Invoice Number	User ID	P.O. Number	Transaction Amount
03/06/2009	LATE [redacted]		00000		$25.00
03/26/2009	BILLED [redacted]		00000		$14.62
03/10/2009	COSTCO [redacted]	042386469	00001		$608.40
03/12/2009	COSTCO [redacted]	076586	00001		$129.99
03/20/2009	COSTCO [redacted]	041180026	00001		$350.28
03/24/2009	COSTCO [redacted]	100162286	00001		$227.85
			00001	SUBTOTAL:	$1,317.13
02/28/2009	PAYMENT - THANK YOU		00001		$64.66-

Return the below portion with payment. For billing errors or questions please refer to the back of the statement. Page 1 of 2

Account Number 7003-7300-0000-6704

New Balance	Payment Due	Amount Past Due	Due Date
$1,932.38	$176.34	$14.34	04/20/2009

03180000431 00205
Please make check payable to HSBC BUSINESS SOLUTIONS . Include your account number on your check or money order. To avoid late charges, mail at least 7 business days before due date to the address shown below.

ARIZONA AMERICAN WATER CO
PO BOX 5613
CHERRY HILL NJ 08034-0313

HSBC BUSINESS SOLUTIONS
PO BOX 5219
CAROL STREAM IL 60197-5219

0 00193E3800017634000700273000000670400205#

-- 8008032SHRSCOM#0020050002700371000000S704 0002040000001718148 BCOSTCO
COSTCO
--

ACCOUNT SUMMARY

CURRENT	1-29 DAYS PAST DUE	30-59 DAYS PAST DUE
$152.00	$14.34	$.00
60-89 DAYS PAST DUE	90-119 DAYS PAST DUE	120-149 DAYS PAST DUE
$.00	$.00	$.00
150-179 DAYS PAST DUE	180+ DAYS PAST DUE	
$.00	$.00	

BALANCE SUMMARY

Outstanding Transaction	$540.19
+New Purchase(s)/Debit(s)	$1,817.23
+ New Fees	$25.00
+ Finance Charges	$14.62
- Payment(s)	$64.65
- Credit(s)	$.00
= New Balance	$1,932.38

HSBC Retail Services

FAX

From: Name:
Fax Number:
Voice Phone:

To: Name: Marie
Company:
Fax Number: 18666722876
Voice Phone:

Fax Notes:

This facsimile transmission cover sheet and any documents which may accompany it, contains information from HSBC Retail Services which is intended only for the use of the individual or entity to which it is addressed. This document(s) may contain information that is privileged, confidential, and/or otherwise exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, any disclosure, dissemination, distribution, copying or other use of this communication or its substance is prohibited. If you have received this communication in error, please contact the sender at HSBC Retail Services to arrange for the destruction of the communication or its return at our expense

Date and time of transmission: Thursday, May 14, 2009 11:23:38 AM
Number of pages including this cover sheet: 03

This document was faxed using a RightFax v 70 electronic document delivery solution.

Deborah A Castor/SHARSVCS/AWWSC
05/12/2009 12:28 PM

To Kay Knoll/SHARSVCS/AWWSC@AWW
cc
bcc
Subject Re: AP Invoices

paid in Feb

Hi kay,
Can you please research for any missing invoices for the month of March.
Thanks,

"Accounts Payable will be responsible for monitoring the errors and delays in processing invoices and identifying issues which make A/P inefficient."

Deborah A.Castor
Accounts Payable
WoodCrest Corporate Center
Cherry Hill , NJ
(856) 310-5884
Alvina Collins/AZAWC/AWWSC

Nothing March

50178274

7003 7300 0000 6704

will set Back to APR09 me

Alvina Collins/AZAWC/AWWSC
05/12/2009 12:23 PM

To Deborah A Castor/SHARSVCS/AWWSC@AWW
cc
Subject AP Invoices

Deborah,

Regarding the AP invoice for A23ASST06- Collina is my sign on, I did not receive a statement for Costco for the month of March. The current statement of amount due $1788.02 is partly from the month of March. I have all the receipts for the current billing month of April totalling $605.53, of which I entered in the RVI notes. Can you forward me the unpaid billing for the month of March?

I know this seems confusing, but it must of went to someone else and it has been tossed from person to person.

Thanks for your help in trying to get this resolved.

Alvina

Alvina (Dolly) Collins
Directors-Administrative Assistant
Arizona American Water
15626 N. Del Webb Blvd
Sun City, AZ 85351
623-815-3108
Alvina.Collins@amwater.com

every day comes with its gifts.....untie the ribbons

Alvina
Collins/AZAWC/AWWSC
05/18/2009 06:14 PM

To Kay Knoll/SHARSVCS/AWWSC@AWW
cc
bcc
Subject COSTCO CREDIT

Kay,

Attached are the copies of the Costco credit of $ 227. 86 we spoke of this morning, as you said you had not received copies.
This purchase was on the March bill and the credit was on the April bill.
I reentered per your request the April charges and codes. The total amount of charges were $605.53 for April.

Please advise me if you need more information.

Thanks,
Dolly

Alvina (Dolly) Collins
Directors-Administrative Assistant
Arizona American Water
15626 N. Del Webb Blvd
Sun City, AZ 85351
623-815-3108
Alvina.Collins@amwater.com

every day comes with its gifts.....untie the ribbons

Costco Business Delivery Case 827 - Indian School BD 901 N. 33RD. AVENUE PHOENIX
800-788-9768

MEMBER INFORMATION	
Member # 221904396060	Bill To Customer # 158552968
Phone # 623-815-3139	Fax # 623-933-0032
Resale #	Order By Customer # 158552768
Contact Robert Garcia 623-815-3139	

ORDER INFORMATION	
Order No. 100152285	Order Date 3/24/09
Sales Person INTERNET	Customer P.O. # RTP FR 43180824
Trader Costco CC	Terms C.C. Payment
Order Origin FIX	

SHIP INFORMATION	
Invoice No. 100152285-01	Invoice Printed 3/25/09
Ship To Customer # 82701	Ship Via Costco
Ship Date 3/25/09	Route No./Stop No. 17-11
Driver Name CHRIS	

Page No. 1

*** INVOICE ***

Sold to: Arizona-American Water
131 WOODCREST ROAD
CHERRY HILL NJ 08003

Ship to: Arizona-American Water
15626 N DEL WEBB BLVD
SUN CITY AZ 85351-1602

ORDERED	SHIPPED	ITEM	DESCRIPTION	UNIT PRICE	TAX	AMOUNT
10.00	10.00	402204	2009 PHOENIX PROFESSIONAL	21.04	Y	210.40

MBR HAS 100895921 TO BE P/U FR 43180824 . . SB

EXECUTIVE MEMBERS RECEIVE APPROXIMATELY 2% BACK ANNUALLY, UP TO $500 ON PURCHASES.
STOP BY THE MEMBERSHIP DESK FOR MORE INFORMATION ON EXECUTIVE MEMBERSHIP.

Approximate Rebate for this Invoice : $4.21

238705.716121.50008335.W

$41.01

232005.620000.24

$186.85

GJ00

Attn: Robert Garcia

Didn't want Warranty Lease

SHOP ONLINE, ANYTIME AT COSTCO.COM

THIS IS YOUR INVOICE. PLEASE FORWARD TO ACCOUNTS PAYABLE DEPARTMENT.

STATE LAW PROHIBITS SHIPPING TOBACCO PRODUCTS TO INDIVIDUALS UNDER THE AGE OF 18, AND REQUIRES THE PAYMENT OF ALL APPLICABLE TAXES. A government-issued identification will be checked at the time of delivery if the person receiving the tobacco products appears to be under the age of 27. Surgeon General's Warning: Smoking Causes Lung Cancer, Heart Disease, Emphysema and May Complicate Pregnancy. Cigarette Smoke Contains Carbon Monoxide.

For Tobacco Products: By signing this invoice I hereby certify that I am 18 years of age or older.

MERCHANDISE RECEIVED BY:

X _____ Printed Name _____ Signature

SIGNATURE VERIFIES RECEIPT OF COMPLETE ORDER!

Taxable	210.40
Non Taxable	
Total Merchandise Sales	210.40
Coupon/Deduction	.00
Cashcard/Gift Certificate	.00
Delivery Fee	17.46
Sales Tax	
TOTAL DUE	227.86

Thank you for your order!

COSTCO BUSINESS DELIVERY

CREDIT/DEBIT INVOICE

CREDIT AMOUNT

29783

BILL TO CUST #: 1195276 DATE: 3-25-09 ROUTE/STOP: 11 / 12

DEBIT AMOUNT

BUSINESS NAME: [illegible] DRIVER: Chris CHECK-IN MGR:

QTY	ITEM #	USS	DESCRIPTION OF ITEM	INVOICE #	REASON	NOTES	MIS-PICKS ONLY ITEM # PICKED
10	995921		MAP Board	45140826	MIP	Needs Date	
	[illegible]					Pro [illegible]	

REASON CODES

RETURNED		SHIP ISSUES		ORDER ISSUES	
DNW	DIDN'T WANT	MSG	MISSING	TAX	CHARGED TAX
MOW	MBR ORDERED WRONG	MIP	MIS-PICK	DEL	NO DELIVERY CHARGE
OTE	ORDER TAKER ERROR	DGD	DAMAGED	DBT	DEBIT EXTRA PRODUCT

CREDIT ORDER #

DONE BY

MEMBER SIGNATURE:

DRIVER SIGNATURE:

WHITE - *SALES AUDIT* YELLOW - *CHECK IN MANAGER* PINK - *RTV/USS* GOLD - *MEMBER*

Work Basket AA03ASST01

Broadridge™

INVOICE 50033146 DC

REMITTANCE ADDRESS

WIRE TRANFERS IN US $
BANK OF AMERICA, NEW YORK, NY
FBO: BROADRIDGE PROXY
FED ABA# 026009593 OR ACH ABA# 021200339
ACCOUNT# 189000775
SWIFT CODE: BOFAUS3N

BROADRIDGE
P.O. BOX 23487
NEWARK, NJ 07189

SERVICE INQUIRIES (631) - 254-7067
BILLING INQUIRIES (631) - 254-7422

INVOICE TERMS: NET 30 DAYS

BROADRIDGE INCURRED THE FOLLOWING EXPENSES
MAILING AND PROVIDING NON-OBJECTING SHAREHOLDER ('NOBO') INFO FOR

AMERICAN WATER WORKS COMPANY, INC. A A03 ASST01

JOB INFORMATION

INVOICE #	152017
INVOICE DATE	06/01/09
CUSIP NUMBER	030420
JOB #	I74982
INVOICE DUE DATE	07/02/09

$ 2667.26 NSY

Inv# 152017
Date 6/1/09

BROADRIDGE ACTS ON BEHALF OF CERTAIN BROKERS/NOMINEES TO DISTRIBUTE PROXIES, QUARTERLY REPORTS AND OTHER COMMUNICATIONS FROM CORPORATE ISSUERS (INCLUDING "OPPOSITION" PARTIES) TO THEIR SHAREOWNERS. THIS INVOICE IS CALCULATED AT RATES PRESCRIBED BY THE NEW YORK STOCK EXCHANGE. PLEASE NOTE, OUR SERVICES HAVE LIKELY BEEN COORDINATED WITH YOUR SHAREOWNER RELATIONS DEPARTMENT OR YOUR CORPORATE SECRETARY. DIRECT QUESTIONS REGARDING THIS INVOICE TO BROADRIDGE' BILLING DEPARTMENT AT THE ABOVE TELEPHONE NUMBER. BROADRIDGE IS LOCATED AT 51 MERCEDES WAY, EDGEWOOD, NY, 11717

DETAIL OF CHARGES

ITEM	ITEM CHARGE	QUANTITY	TOTAL CHARGES
BROKER FEE	.065	18,411	1,196.71
CONDUIT FEE 1	.10	10,000	1,000.00
CONDUIT FEE 2	.05	8,411	420.55
CD ROM	20.00	1	20.00
LISTING	N/C		-
DELIVERY			30.00

RECEIVED
JUN - 8 2009
SSC-MAILROOM

AMERICAN WATER WORKS COMPANY, INC.
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043

SUB TOTAL	2,667.26
CREDITS	( )
SALES TAX DUE	
TOTAL DUE US$	2,667.26

SEE SALES TAX INFORMATION SHEET FOR DETAILS.
SEE EXPLANATIONS ON THE BACK OF THIS PAGE.

Past due accounts subject to a 1 1/2 % finance charge per month.

50/50 - Retail

Broadridge™

REMITTANCE:
BROADRIDGE
P.O.BOX 23487
NEWARK, NJ 07189
Wire Transfers In US $: BANK OF AMERICA, NEW YORK, NY
FBO:BROADRIDGE PROXY SWIFT CODE: BOFAUS3N
FED ABA# 026009593 OR ACH ABA# 021200339
ACCOUNT# 189000775

TERMS: NET 30 DAYS

CUSIP NUMBER	JOB #	INVOICE #	INVOICE DATE	DUE DATE
030420	I74982	152017	06/01/09	07/02/09

Total Due This Invoice - US$ 2,667.26

ISSUER NAME AMERICAN WATER WORKS COMPANY, INC.

AMOUNT ENCLOSED

Please return this portion with your payment in US dollars.
Include your cusip number on your check made payable to:

BROADRIDGE

RECEIVED
JUN 8 2009

BRV015

55555 0000000 000300040200 19070498200 060109 100000266721 BY 1025 LAUREL OAK

Broadridge™

CLIENT	TOTAL ITEMS
ABN AMRO INCORPORATED	1
AMERIPRISE FINANCIAL	181
BANK OF AMERICA	11
BANKNORTH WEALTH MANAGEME	1
BARCLAYS CAPITAL INC.	2
BNP PARIBAS NEW YORK BRAN	1
BNY MELLON	36
CANACCORD ADAMS INC.	1
CHARLES SCHWAB & CO., INC	2577
CHITTENDEN TRUST COMPANY	1
CIBC WORLD MARKETS CORP	1
CITIGROUP	1
CITIGROUP INSTITUTIONAL T	1
CITY NATIONAL BANK	2
CREDIT SUISSE SECURITIES	2
D.A. DAVIDSON & CO.	15
DB SECURITIES SERVICE NJ	4
E*TRADE SECURITIES LLC	3392
EMMETT A. LARKIN COMPANY	2
FARMERS & MERCHANTS TRUST	3
FIRST AMERICAN BANK	1
FIRST SOUTHWEST COMPANY	2
GOLDMAN SACHS EXECUTION &	14
H.C. DENISON CO.	1
HUNTINGTON BANKS, TRUST D	2
J.P. MORGAN CLEARING CORP	218
JANNEY MONTGOMERY SCOTT L	360
JPMORGAN	1
KEY SERVICES CORPORATION	2
LPL FINANCIAL	137
MARSHALL & ILSLEY TRUST C	2
MERRILL LYNCH CANADA	1
MESIROW FINANCIAL INC.	6
MORGAN STANLEY SMITH BARN	834
MORGAN STANLEY & CO. INCO	13
NATIONAL CITY BANK	1
NBC SECURITIES,INC.	142
OPPENHEIMER TRUST COMPANY	2
PENSON FINANCIAL SERVICES	108
PERELMAN-CARLEY & ASSOCIA	3
PRIMEVEST FINANCIAL SERVI	13
RAYMOND JAMES TRUST CO	9
RBC CAPITAL MARKETS CORPO	204
REGIONS MORGAN KEEGAN TRU	13
RICHARDS HERRILL & PETERS	1
ROBERT W. BAIRD & CO. INC	17

CONTINUED

CLIENT	TOTAL ITEMS
AMERIPRISE FINANCIAL	93
BANK OF AMERICA, N.A.	1
BANK OF OKLAHOMA	1
BARCLAYS CAPITAL SERVICES	4
BMO NESBITT BURNS INC.	9
BNP PARIBAS PRIME BROKERA	9
BROWN BROTHERS HARRIMAN &	6
CAPITAL ONE NA	2
CHARLES SCHWAB TRUST COMP	1
CIBC WORLD MARKETS	13
CITICORP SECURITIES SERVI	2
CITIGROUP GLOBAL MARKETS	697
CITIGROUP PRIVATE BANK	2
CLEARVIEW CORRESPONDENT S	46
CROWELL WEEDON & COMPANY	16
DAVENPORT & COMPANY LLC	3
DRESDNER KLEINWORT WASSER	1
EDWARD JONES	1661
ENSIGN PEAK ADVISORS	1
FIFTH THIRD BANK	8
FIRST CLEARING, LLC	1323
THE GLENMEDE TRUST COMPAN	1
GOLDMAN, SACHS & CO.	30
HSBC SECURITIES INC.	2
J.J.B. HILLIARD, W.L. LYO	29
J.P. MORGAN SECURITIES IN	1
JEFFERIES & COMPANY, INC.	1
JPMORGAN	16
LEHMAN BROTHERS INC	3
MANUFACTURERS & TRADERS T	1
MELLON PRIVATE WEALTH	5
MERRILL LYNCH	704
MORGAN KEEGAN & CO., INC.	98
MORGAN STANLEY & CO. INCO	1
NATIONAL BANK FINANCIAL.	4
NATIONAL FINANCIAL SERVIC	1471
OPPENHEIMER & CO. INC.	110
OPTIONSXPRESS, INC.	8
PENSON FINANCIAL SERVICES	40
PERSHING LLC	641
RAYMOND JAMES LTD.	2
RAYMOND JAMES & ASSOCIATE	39
RBC DOMINION SECURITIES.	10
RELIANCE TRUST COMPANY	1
RIDGE CLEARING & OUTSOURC	26
SCOTIACAPITAL INC.	4

Broadridge™

030420 AMERICAN WATER WORKS COMPANY,
JOB NUMBER I74982 INFORMATION ONLY

BRV013

Broadridge™

CLIENT	TOTAL ITEMS	CLIENT	TOTAL ITEMS
SCOTTRADE INC	466	SG AMERICAS SECURITIES, L	1
SHAREBUILDER SECURITIES C	185	SMITH, MOORE & COMPANY	39
SOUTHWEST SECURITIES, INC	27	STATE STREET BANK AND TRU	50
STATE STREET BANK & TRUST	2	STEPHENS INC.	1
STERNE AGEE & LEACH INC	100	STIFEL NICOLAUS & CO.,INC	63
TD AMERITRADE CLEARING, I	834	TD WATERHOUSE	37
TRADESTATION SECURITIES	4	THE TRUST COMPANY OF OXFO	3
U.S. BANCORP INVESTMENTS	5	U.S. BANK	6
UBS FINANCIAL SERVICES IN	49	UBS SECURITIES LLC	2
UBS SECURITIES LLC	4	UMB BANK, N.A.	3
UNION BANK OF CALIFORNIA	1	USAA BROKERAGE SERVICES	82
VANGUARD BROKERAGE SERVIC	223	W.H. REAVES & COMPANY INC	15
WACHOVIA NATIONAL BANK	1	WEDBUSH MORGAN SECURITIES	312
WELLS FARGO	7	WELLS FARGO INVESTMENTS,	396
WILLIAM BLAIR & COMPANY L	2	WULFF HANSEN & CO.	2

Marriott. HOTELS & RESORTS

5006 4095 DC $ 69967.46 NSX

RENAISSANCE. HOTELS & RESORTS

Inv# 3373707677 7/10/09 A02ASST02

AMERICAN WATER
Philadelphia Airport Marriott

Due Date: Sunday, August 09, 2009

INVOICE DATE: July 10, 2009
INVOICE NUMBER: 3373707677 $ 69,967.46 USD

INVOICE TOTAL $ 69,967.46 USD

Customer Service: 866-435-7627 EXT. 4388

The summary of charges is as follows:

Charges:			
Catering:	$ 69,967.46		
Subtotal Charges:		$	69,967.46
Total Amount Due:		$	69,967.46 USD

Upon receipt of this invoice, kindly remit payment to:

Marriott International
P.O. Box 403003
Atlanta, GA, 30384-3003

Please reference the above invoice number on your remittance.

RECEIVED
JUL 17 2009
SSC
Accounts Payable

CHECKED
APPROVED

The outstanding balance on this Master Account (exclusive of disputed charges) will be due and payable 30 days from the invoice date. Any disputed charge(s) will be raised within 10 days after receipt of the invoice. The Hotel will work with you in resolving any such disputed charges, the payment of which will be due upon receipt of invoice after resolution of the dispute. If payment if not received within 30 days of the date on which it was due, Hotel will impose a finance charge at the rate of the lesser of 1-1/2% per month (18% annual rate) or the maximum allowed by law on the upaid balance commencing on the invoice date.

07/10/09

10

Philadelphia Airport Marriott
GROUP MASTER SUMMARY OF GUEST CHARGES

AMERICAN WATER
AMERICAN WATER
Event Dates 06/28/09 to 07/02/09
Invoice Number 337370677

GUEST NAME	ROOM/ ACCNT #	DATE	ROOM	TAX	TELEPHONE	RESTAURANT/ LOUNGE	CATERING	RECREATION	GIFT SHOP	PARKING	MISC OTHER	DAILY TOTAL
AMERICAN WATER	4102	06/29/09	0.00	0.00	0.00	0.00	27,547.10	0.00	0.00	0.00	0.00	$ 27,547.10
AMERICAN WATER	4102	06/30/09	0.00	0.00	0.00	0.00	27,794.11	0.00	0.00	0.00	0.00	$ 27,794.11
AMERICAN WATER	4102	07/01/09	0.00	0.00	0.00	0.00	14,626.25	0.00	0.00	0.00	0.00	$ 14,626.25
	SUBTOTAL BY GUEST		*0.00*	*0.00*	*0.00*	*0.00*	*69,967.46*	*0.00*	*0.00*	*0.00*	*0.00*	$ *69,967.46*
	TOTAL GUEST CHARGES:		*0.00*	*0.00*	*0.00*	*0.00*	*69,967.46*	*0.00*	*0.00*	*0.00*	*0.00*	$ *69,967.46* USD

TOTAL GUEST CHARGES:	$ *69,967.46*
TOTAL SETTLEMENTS:	$ *0.00*
TOTAL AMOUNT DUE:	$ *69,967.46*
TOTAL ROOM NIGHTS:	*0*

CHECKED_____
APPROVED_____

30

Philadelphia Airport Marriott
GROUP MASTER CATERING SUMMARY

AMERICAN WATER
AMERICAN WATER
Event Dates 06/28/09 to 07/02/09
Invoice Number 3373707677

DATE	CHECK NUMBER	BREAKFAST	LUNCH	DINNER	COFFEE BRK/ HORS D'S	PACKAGES	BEVERAGE	MISC OTHER	ROOM SET-UP FEE	AUDIO VISUAL	SERVICE CHARGE	TAXES		TOTAL
06/29/09	41039	0.00	0.00	0.00	0.00	1,008.00	0.00	0.00	300.00	150.00	306.18	123.51	$	1,887.69
06/29/09	41040	0.00	336.00	0.00	0.00	0.00	0.00	0.00	150.00	240.00	152.46	61.51	$	939.97
06/29/09	41041	0.00	360.00	0.00	195.00	0.00	0.00	0.00	150.00	165.00	182.70	73.70	$	1,126.40
06/29/09	41042	0.00	0.00	0.00	111.50	0.00	0.00	0.00	150.00	0.00	54.92	22.16	$	338.58
06/29/09	41043	0.00	420.00	0.00	0.00	0.00	0.00	0.00	150.00	0.00	119.70	48.28	$	737.98
06/29/09	41044	0.00	700.00	0.00	325.00	525.00	0.00	0.00	150.00	225.00	404.25	163.07	$	2,492.32
06/29/09	41045	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	0.00	31.50	12.71	$	194.21
06/29/09	41046	0.00	0.00	6,344.00	3,050.00	4,030.50	1,140.00	250.00	0.00	445.00	3,131.01	1,439.44	$	19,829.95
06/30/09	41056	2,976.00	4,092.00	0.00	4,464.00	0.00	0.00	0.00	500.00	2,045.00	2,956.17	1,192.35	$	18,225.52
06/30/09	41057	0.00	0.00	0.00	0.00	525.00	0.00	0.00	250.00	0.00	162.75	65.65	$	1,003.40
06/30/09	41058	0.00	0.00	0.00	0.00	525.00	0.00	0.00	250.00	0.00	162.75	65.65	$	1,003.40
06/30/09	41059	0.00	0.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	1,197.00	564.79	$	7,561.79
07/01/09	41074	2,976.00	3,000.00	0.00	419.00	0.00	0.00	0.00	500.00	2,235.00	1,917.30	773.29	$	11,820.59
07/01/09	41075	0.00	0.00	0.00	108.00	0.00	0.00	0.00	150.00	0.00	54.19	21.86	$	334.05
07/01/09	41076	0.00	0.00	0.00	234.00	0.00	0.00	0.00	150.00	165.00	115.29	46.51	$	710.80

30

Philadelphia Airport Marriott
GROUP MASTER CATERING SUMMARY

AMERICAN WATER
AMERICAN WATER
Event Dates 06/28/09 to 07/02/09
Invoice Number 3373707677

DATE	CHECK NUMBER	BREAKFAST	LUNCH	DINNER	COFFEE BRK/ HORS D'S	PACKAGES	BEVERAGE	MISC OTHER	ROOM SET-UP FEE	AUDIO VISUAL	SERVICE CHARGE	TAXES		TOTAL
07/01/09	41077	0.00	0.00	0.00	325.00	0.00	0.00	0.00	150.00	125.00	126.00	50.82	$	776.82
07/01/09	41078	0.00	0.00	0.00	260.00	0.00	0.00	0.00	150.00	350.00	159.60	64.39	$	983.99
TOTAL CATERING:		*5,952.00*	*8,908.00*	*6,344.00*	*9,491.50*	*12,413.50*	*1,140.00*	*250.00*	*3,300.00*	*6,145.00*	*11,233.77*	*4,789.69*	*$*	*69,967.46 USD*

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41039
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: BOARDROOM

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51032

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
PACKAGES					
	16	09 All Day Break Package with Lunch	63.00	1,008.00	
		PACKAGES SUBTOTAL		**1,008.00**	
AUDIO VISUAL					
	1	Boardroom Plasma TV	150.00	150.00	
		AUDIO VISUAL SUBTOTAL		**150.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	300.00	300.00	
		ROOM SETUP FEES SUBTOTAL		~~300.00~~ 1458.00	

STATE SALES TAX	**105.86**
CITY SALES TAX	**17.65**
SERVICE CHARGE F&B	**211.68**
SERVICE CHARGE MISC	**94.50**
GRAND TOTAL	**1,887.69**

Communications
Mtg.
$582.63 – 032025.575340.16.
100005.F.TH14
$1305.06-032025.575350.16.
100005.F.TJ33

Request to Completion

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41040
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: SALON F

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50948

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	7	Shaved Roast Beef Sandwich with Herbed Boursin Cheese	24.00	168.00	
	7	Smoked Turkey Breast Sandwich	24.00	168.00	
		FOOD SUBTOTAL		**336.00**	
AUDIO VISUAL					
	1	Flipchart with Markers and masking tape	60.00	60.00	
	1	Outside Line, Calls Billed to Master Account	75.00	75.00	
	1	6' Tripod Screen	70.00	70.00	
	1	Extension Cord and Power Strip with surge protector	15.00	15.00	
	1	Projection Cart	20.00	20.00	
		AUDIO VISUAL SUBTOTAL		**240.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**52.72**
CITY SALES TAX	**8.79**
SERVICE CHARGE F&B	**70.56**

$435.02-

MARRIOTT CONFIDENTIAL AND PROPRIETARY INFORMATION

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41040
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: SALON F

,Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 2
Bill Method: CA
Tax Exempt: N
BEO #: 50948

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
				SERVICE CHARGE MISC	81.90
				GRAND TOTAL	939.97

Request to Completion

TJ33 - $435.04
TH14 - $504.93

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41041
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: MEETING ROOM 4

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50947

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	15	Mid Afternoon	13.00	195.00	
	7	Shaved Roast Beef Sandwich with Herbed Boursin Cheese	24.00	168.00	
	8	Smoked Turkey Breast Sandwich	24.00	192.00	
		FOOD SUBTOTAL		**555.00**	
AUDIO VISUAL					
	1	Flipchart with Markers and masking tape	60.00	60.00	
	1	6' Tripod Screen	70.00	70.00	
	1	Projection Cart	20.00	20.00	
	1	Extension Cord and Power Strip with surge protector	15.00	15.00	
		AUDIO VISUAL SUBTOTAL		**165.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**63.17**
CITY SALES TAX	**10.53**
SERVICE CHARGE F&B	**116.55**
SERVICE CHARGE MISC	**66.15**

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41041
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: MEETING ROOM 4

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 2
Bill Method: CA
Tax Exempt: N
BEO #: 50947

Monday, June 29, 2009

CATEGORY	*QUANTITY*	*ITEM*	*UNIT PRICE*	*SUBTOTAL*	*TOTAL*
				GRAND TOTAL	**1,126.40**

Procure to Pay
TJ33 - $718.56
TH14 - $407.84

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41042
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: SALON E

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51033

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	3	Freshly Brewed Coffee,	32.50	97.50	
	4	Assorted Pepsi Soft Drinks	3.50	14.00	
		FOOD SUBTOTAL		**111.50**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	
		STATE SALES TAX			**18.99**
		CITY SALES TAX			**3.17**
		SERVICE CHARGE F&B			**23.42**
		SERVICE CHARGE MISC			**31.50**
		GRAND TOTAL			**338.58**

Somerville Partners
020141.575000.16.TJ35 - 194.22
020141.575350.16.TJ33 - $144.36

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41043
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: SALON G

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51028

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	15	Gourmet Deli Luncheon	28.00	420.00 ✓	
		FOOD SUBTOTAL		**420.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00 ✓	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**41.38**
CITY SALES TAX	**6.90**
SERVICE CHARGE F&B	**88.20**
SERVICE CHARGE MISC	**31.50**
GRAND TOTAL	**737.98**

Personal Counsel
TJ33 - $543.76
TJ35 - $194.22

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41045
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: MEETING ROOM 3

Water,.American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51036

Monday, June 29, 2009

CATEGORY	*QUANTITY*	*ITEM*	*UNIT PRICE*	*SUBTOTAL*	*TOTAL*
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
			ROOM SETUP FEES SUBTOTAL	**150.00**	
			STATE SALES TAX		**10.89**
			CITY SALES TAX		**1.82**
			SERVICE CHARGE MISC		**31.50**
			GRAND TOTAL		**194.21**

PA - Interview Rm
TJ35

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41044
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: SALON D

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51061

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
PACKAGES					
	1	09 Presentation Package	525.00	525.00	
		PACKAGES SUBTOTAL		**525.00**	
FOOD					
	25	Mid Afternoon	13.00	325.00	
	25	Executive Sandwich Buffet	28.00	700.00	
		FOOD SUBTOTAL		**1,025.00**	
AUDIO VISUAL					
	1	Outside Line, Calls Billed to Master Account	75.00	75.00	
	1	Poly-Com Speaker Phone	150.00	150.00	
		AUDIO VISUAL SUBTOTAL		**225.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**139.76**
CITY SALES TAX	**23.31**
SERVICE CHARGE F&B	**215.25**
SERVICE CHARGE MISC	**189.00**
GRAND TOTAL	**2,492.32**

Nick Rowe Presidents' Mtg.
TJ33 - $1327.07
TJ35 - $1165.25

Reception / Dinner

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41046
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: MULTIPLE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50892

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
PACKAGES					
Reception, Salon A Foyer					
	102	Luxury Mixed Drink	10.50	1,071.00	
	255	House Wine	7.50	1,912.50	
	35	Domestic Beer	6.50	227.50	
	67	Imported Beer	7.50	502.50	
	62	Assorted Pepsi Soft Drinks	3.50	217.00	
	1	Bartender Charge for the First Two Hours	100.00	100.00	
		PACKAGES SUBTOTAL		**4,030.50**	
FOOD					
Dinner, Salons AFGH					
	122	Dinner Buffet with Three Entrees	52.00	6,344.00	
Reception, Salon A Foyer					
	122	Individual Crudite	6.00	732.00	
	122	Cheese Board with Sliced French Baguette and Crackers	7.00	854.00	
	122	Spanakopita	3.00	366.00	
	122	Philadelphia Cheesesteak en	3.00	366.00	

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41046
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: MULTIPLE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 2
Bill Method: CA
Tax Exempt: N
BEO #: 50892

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
		Croute			
	122	Vegetable Spring Roll	3.00	366.00	
	122	Cocktail Franks in Blankets served with Mustard	3.00	366.00	
		FOOD SUBTOTAL		**9,394.00**	
BEVERAGES					
Dinner, Salons AFGH					
	30	Beringer Stone Cellars Wine Service with Dinner	38.00	1,140.00	
		BEVERAGES SUBTOTAL		**1,140.00**	
AUDIO VISUAL					
Dinner, Salons AFGH					
	2	Wireless Lavalier Microphone	150.00	300.00	
	1	10' X 10' Cradle Screen	110.00	110.00	
	1	Projection Cart	20.00	20.00	
	1	Extension Cord and Power Strip with surge protector	15.00	15.00	
		AUDIO VISUAL SUBTOTAL		**445.00**	
LABOR AND MISCELLANEOUS (TAXABLE)					
Dinner, Salons AFGH					

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41046
Check Date: 06/29/09
Manager: KMU/KMU/KLB
Room: MULTIPLE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 3
Bill Method: CA
Tax Exempt: N
BEO #: 50892

Monday, June 29, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
	6	Bartender Charge for Each Additional Hour	25.00	150.00	
Reception, Salon A Foyer					
	1	Bartender Charge for the First Two Hours	100.00	100.00	
		LABOR AND MISCELLANEOUS (TAXABLE) SUBTOTAL		**250.00**	
		STATE SALES TAX			**799.18**
		CITY SALES TAX			**133.21**
		CITY LIQUOR TAX			**507.05**
		SERVICE CHARGE F&B			**3,037.56**
		SERVICE CHARGE MISC			**93.45**
		GRAND TOTAL			**19,829.95**

020142.575350.16TJ33 – $19,253.80
020142.575000.16TJ35 $576.15

Tues - Main Mtg Rm. Breakfast, Lunch & AV

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41056
Check Date: 06/30/09
Manager: KMU/KMU/KLB
Room: MULTIPLE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50897

Tuesday, June 30, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
General Session, Salons AFGH					
	124	All Day Beverage Service	20.00	2,480.00	
	124	Sweet and Salty	16.00	1,984.00	
	124	Breakfast Buffet	24.00	2,976.00	
	124	Hot Sandwich Buffet Modified	33.00	4,092.00	
		FOOD SUBTOTAL			**11,532.00**
AUDIO VISUAL					
General Session, Salons AFGH					
	1	Standing Podium with Light and Microphone	50.00	50.00	
	3	Wireless Handheld Microphone	150.00	450.00	
	2	Wireless Lavalier Microphone	150.00	300.00	
	9	Audio Visual Technician - Monday to Friday, 7am-7pm	75.00	675.00	
	1	8 Channel Mixer	95.00	95.00	
	1	Distribution AMP	125.00	125.00	
	2	10' X 10' Cradle Screen	110.00	220.00	
	2	Extension Cord and Power Strip with surge protector	15.00	30.00	

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41056
Check Date: 06/30/09
Manager: KMU/KMU/KLB
Room: MULTIPLE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 2
Bill Method: CA
Tax Exempt: N
BEO #: 50897

Tuesday, June 30, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
	2	Projection Cart	20.00	40.00	
	1	Patch Fee to House Sound System, per Connection, per Day	60.00	60.00	
		AUDIO VISUAL SUBTOTAL		**2,045.00**	
ROOM SETUP FEES					
General Session, Salons AFGH					
	1	Room Set-up Fee	500.00	500.00	
		ROOM SETUP FEES SUBTOTAL		**500.00**	

STATE SALES TAX	**1,022.01**
CITY SALES TAX	**170.34**
SERVICE CHARGE F&B	**2,421.72**
SERVICE CHARGE MISC	**534.45**
GRAND TOTAL	**18,225.52**

020142.575350.16.TJ33 – 1,4930.50
020142.575000.16.TJ35 – 3,295.02

Breakout Rm #1

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41057
Check Date: 06/30/09
Manager: KMU/KMU/KLB
Room: SALONS DE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50894

Tuesday, June 30, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
PACKAGES					
	1	09 Presentation Package	525.00	525.00	
		PACKAGES SUBTOTAL		**525.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	250.00	250.00	
		ROOM SETUP FEES SUBTOTAL		**250.00**	
			STATE SALES TAX		**56.26**
			CITY SALES TAX		**9.39**
			SERVICE CHARGE MISC		**162.75**
			GRAND TOTAL		**1,003.40**

020142.575000.16.TJ35

Breakout Rm # 2

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41058	Water, American	Page #: 1
Check Date: 06/30/09	American Water Annual Manageme	Bill Method: CA
Manager: KMU/KMU/KLB	1025 LAUREL OAK ROAD	Tax Exempt: N
Room: MEETING ROOMS 4-5	VOORHEES, NJ 08043-3506	BEO #: 50895

Tuesday, June 30, 2009

CATEGORY	*QUANTITY*	*ITEM*	*UNIT PRICE*	*SUBTOTAL*	*TOTAL*
PACKAGES					
	1	09 Presentation Package	525.00	525.00	
		PACKAGES SUBTOTAL		**525.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	250.00	250.00	
		ROOM SETUP FEES SUBTOTAL		**250.00**	
		STATE SALES TAX			**56.26**
		CITY SALES TAX			**9.39**
		SERVICE CHARGE MISC			**162.75**
		GRAND TOTAL			**1,003.40**

020142. 575000.16. TJ35

Tues Reception

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41059
Check Date: 06/30/09
Manager: KMU/KMU/KLB
Room: SALONS CDE

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50893

Tuesday, June 30, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
PACKAGES					
	100	09 Two Hour Reception Package	58.00	5,800.00	
		PACKAGES SUBTOTAL		**5,800.00**	
		STATE SALES TAX			**269.82**
		CITY SALES TAX			**44.97**
		CITY LIQUOR TAX			**250.00**
		SERVICE CHARGE F&B			**1,197.00**
		GRAND TOTAL			**7,561.79**

020142. 575350.16. TJ33

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Wed Mtg, Breakfast, Lunch + AV

Check #: 41074
Check Date: 07/01/09
Manager: KMU/KMU/KLB
Room: SALONS AFGH

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50898

Wednesday, July 01, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	3	Gallon(s) Freshly Brewed Coffee, Decaffeinated Coffee and Herbal Teas	65.00	195.00	
	64	Assorted Pepsi Soft Drinks	3.50	224.00	
	124	Breakfast Buffet	24.00	2,976.00	
	5	Grilled Vegetable Wrap	24.00	120.00	
	60	Shaved Roast Beef Sandwich with Herbed Boursin Cheese	24.00	1,440.00	
	60	Smoked Turkey Breast Sandwich	24.00	1,440.00	
		FOOD SUBTOTAL		**6,395.00**	
AUDIO VISUAL					
	1	Standing Podium with Light and Microphone	50.00	50.00	
	3	Wireless Handheld Microphone	150.00	450.00	
	6	Wireless Lavalier Microphone	150.00	900.00	
	4	Audio Visual Technician - Monday to Friday, 7am-7pm	75.00	300.00	
	1	12 Channel Mix	120.00	120.00	
	1	Distribution AMP	125.00	125.00	
	2	10' X 10' Cradle Screen	110.00	220.00	

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41074
Check Date: 07/01/09
Manager: KMU/KMU/KLB
Room: SALONS AFGH

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 2
Bill Method: CA
Tax Exempt: N
BEO #: 50898

Wednesday, July 01, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
	2	Projection Cart	20.00	40.00	
	2	Extension Cord and Power Strip with surge protector	15.00	30.00	
		AUDIO VISUAL SUBTOTAL		**2,235.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	500.00	500.00	
		ROOM SETUP FEES SUBTOTAL		**500.00**	

STATE SALES TAX	**662.83**
CITY SALES TAX	**110.46**
SERVICE CHARGE F&B	**1,342.95**
SERVICE CHARGE MISC	**574.35**
GRAND TOTAL	**11,820.59**

020142.575000.16. TJ35 – 3540.99
020142.575350.16. TJ33 – 8279.60

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41075
Check Date: 07/01/09
Manager: KMU/KMU/KLB
Room: SALON E

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51037

Wednesday, July 01, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	3	Freshly Brewed Coffee,	32.50	97.50	
	3	Assorted Pepsi Soft Drinks	3.50	10.50	
		FOOD SUBTOTAL		**108.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**18.73**
CITY SALES TAX	**3.13**
SERVICE CHARGE F&B	**22.69**
SERVICE CHARGE MISC	**31.50**
GRAND TOTAL	**334.05**

Somerville Partners

020141. 575000. 16. TJ35-194.22
020141. 575350. 16. TJ33-139.83

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41076
Check Date: 07/01/09
Manager: KMU/KMU/KLB
Room: SALON C

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 50949

Wednesday, July 01, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	18	Mid Afternoon	13.00	234.00	
		FOOD SUBTOTAL		**234.00**	
AUDIO VISUAL					
	1	Flipchart with Markers and masking tape	60.00	60.00	
	1	6' Tripod Screen	70.00	70.00	
	1	Extension Cord and Power Strip with surge protector	15.00	15.00	
	1	Projection Cart	20.00	20.00	
		AUDIO VISUAL SUBTOTAL		**165.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**39.86**
CITY SALES TAX	**6.65**
SERVICE CHARGE F&B	**49.14**
SERVICE CHARGE MISC	**66.15**
GRAND TOTAL	**710.80**

Record to Report
TJ33 - $302.96
TJ35 - $407.84

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41077
Check Date: 07/01/09
Manager: KMU/KMU/KLB
Room: SALON B

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51038

Wednesday, July 01, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	25	Mid Afternoon	13.00	325.00	
		FOOD SUBTOTAL		**325.00**	
AUDIO VISUAL					
	1	8' Tripod Screen	90.00	90.00	
	1	Projection Cart	20.00	20.00	
	1	Extension Cord and Power Strip with surge protector	15.00	15.00	
		AUDIO VISUAL SUBTOTAL		**125.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	**43.56**
CITY SALES TAX	**7.26**
SERVICE CHARGE F&B	**68.25**
SERVICE CHARGE MISC	**57.75**
GRAND TOTAL	**776.82**

Steve Schmitt
$420.78 - 032011.575350.16.100001.F.TJ33
$356.04 - 032011.575340.16.100001.F.TH14

Philadelphia Airport Marriott
BANQUET CHECK DETAIL

Check #: 41078
Check Date: 07/01/09
Manager: KMU/KMU/KLB
Room: MEETING ROOMS 1-2

Water, American
American Water Annual Manageme
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043-3506

Page #: 1
Bill Method: CA
Tax Exempt: N
BEO #: 51041

Wednesday, July 01, 2009

CATEGORY	QUANTITY	ITEM	UNIT PRICE	SUBTOTAL	TOTAL
FOOD					
	20	Mid Afternoon	13.00	260.00	
		FOOD SUBTOTAL		**260.00**	
AUDIO VISUAL					
	1	Outside Line, Calls Billed to Master Account	75.00	75.00	
	1	Poly-Com Speaker Phone	150.00	150.00	
	1	8' Tripod Screen	90.00	90.00	
	1	Projection Cart	20.00	20.00	
	1	Extension Cord and Power Strip with surge protector	15.00	15.00	
		AUDIO VISUAL SUBTOTAL		**350.00**	
ROOM SETUP FEES					
	1	Room Set-up Fee	150.00	150.00	
		ROOM SETUP FEES SUBTOTAL		**150.00**	

STATE SALES TAX	55.18
CITY SALES TAX	9.21
SERVICE CHARGE F&B	54.60
SERVICE CHARGE MISC	105.00
GRAND TOTAL	983.99

032065.575350.16.100736.TJ33
$336.62

032065.575340.16.100736.TH14
$647.37

Engineering Directors
(Gary Naemick)

Marriott.
HOTELS & RESORTS

RENAISSANCE.
HOTELS & RESORTS

July 10, 2009

LINDA STAPLETON
AMERICAN WATER
1025 LAUREL-OAK ROAD
VOORHEES, NJ 08043-3506

Dear LINDA STAPLETON :

The management and staff of the Philadelphia Airport Marriott wish to thank you for your business. Enclosed you will find a summary and detailed billing of charges for your event.

Should you have any questions regarding your event, my contact information is listed below.

We look forward to serving you again in the future.

Sincerely,

BRYANT,MELISSA L.
Customer Billing Specialist
866-435-7627 EXT. 4388
Melissa.Bryant@marriott.com

Enclosures

Work Basket AA03ASST01

Invoice

Southwest IDEAS
INVESTOR CONFERENCE

Vendor# 50502032 PC

P.O. Box 92698
Southlake, TX 76092

Date	Invoice #
10/8/2009	AWK-1008

$750.00
NJ

Bill To
American Water Works Muriel Lange 1025 Laurel Oak Road Voorhees, NJ 08043

Terms
Due on receipt

Inv# AWK1008 10/8/09

Quantity	Description	Rate	Amount
1	Southwest IDEAS audio webcasting Fee	750.00	750.00

RECEIVED
OCT 29 2009
SSC-MAILROOM

Please make check payable to Southwest IDEAS Conference and send to the address above.

Total $750.00

AW - Procurement
Sent by: Thomas J Conway

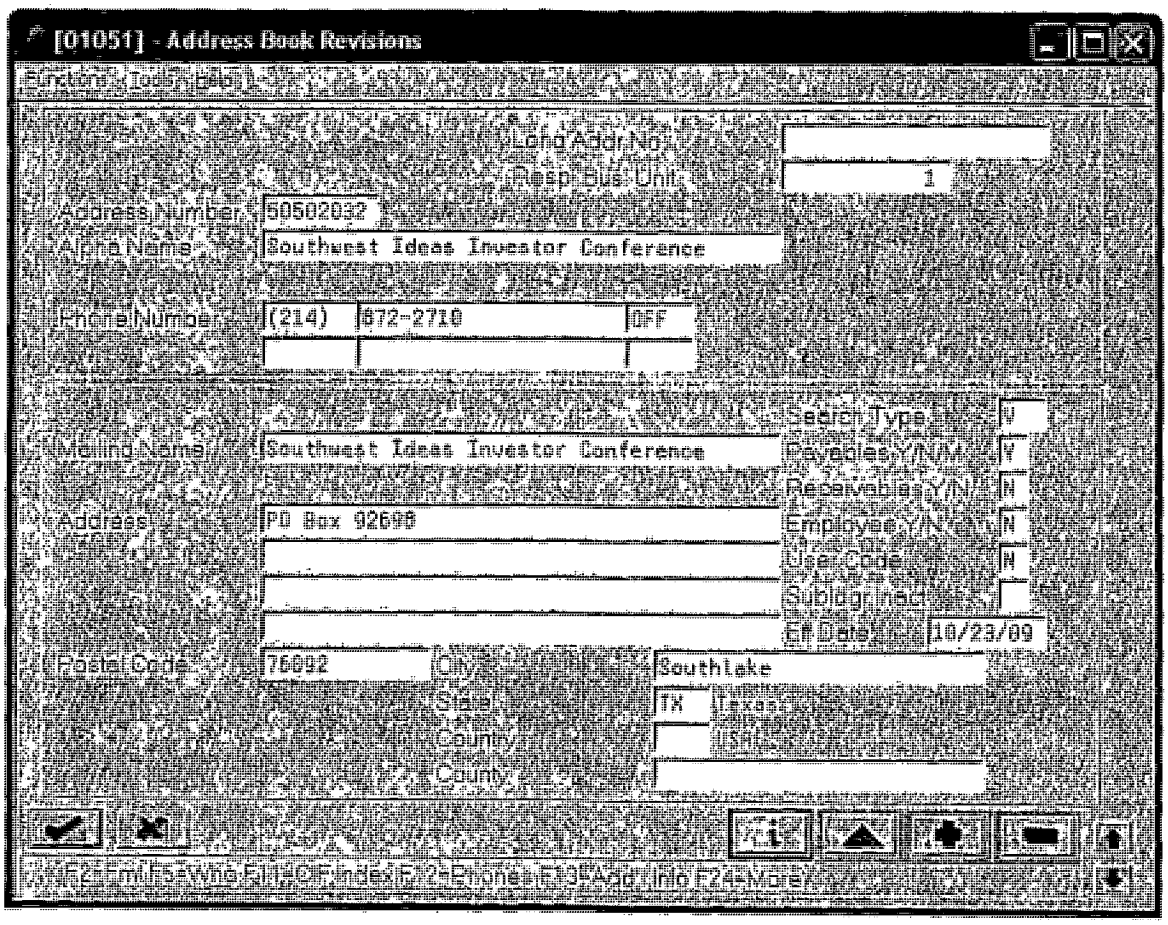
10/23/2009 11:05 AM

To Cathy DeMots/ADMIN/CORP/AWWSC@AWW, Edward Vallejo/ADMIN/CORP/AWWSC@AWW
cc Denise P Dietzmann/SHARSVCS/AWWSC@AWW, Darryl B Daisey/SHARSVCS/AWWSC@AWW, Robert D Allen/SHARSVCS/AWWSC@AWW, W Richard
bcc
Subject Re: Southwest Ideas has been added

Hello,

Southwest IDEAS Investor Conference has been added to the address book (# 50502032). They must be paid an audio webcasting fee for the investor conference.

Thank you,



Supply Chain Ops Service
Email address - AW - Procurement
(856) 672-2870 FAX

5033200 5 DC

identityLINKS
Custom Printed Promotional Products
6211 W. Howard Street | Ph: 888-282-9507
Niles, IL 60714 | Fx: 847-329-9797
www.identity-links.com

INVOICE

5/7/2010	27089

$ 2648.95
NSX

Bill To:

American Water
Accounts Payable
PO Box 5614
Cherry Hill, NJ 08034

Ship To:

American Water
Krinstin Vilecco
1025 Laurel Oak Road
Voorhees, NJ 08043

Inv# 27089 5/7/10 AA03Spec04

Sales Order	Purchase Order	Terms	Due Date
15090		Net 15	**5/22/2010**

Description	Shipped	Price Each	Amount
Green Recycle Duck	1,000	1.32	1,320.00
second location imprint	1,000	0.35	350.00
AMWA LOGO ON FRONT CHEST NYSE: AWK ON BACK			
Next Day Air Shipping & Handling		978.95	978.95

RECEIVED
MAY 12 2010
SSC
Accounts Payable

=== Remit Payment To ===
Identity Links, Inc.
6211 W. Howard Street
Niles, IL 60714

Subtotal	$2,648.95
Sales Tax (10.25%)	$0.00
Total	$2,648.95
Paid/Credit	$0.00
Amount Due	**$2,648.95**

FNL

AA03ASST01

Invoice

THREE PART ADVISORS
P.O. Box 92698
Southlake, TX 76092

505020 32
NSX
850.00

Date	Invoice #
6/10/2010	AWK0610

Bill To
American Water Works Muriel Lange 1025 Laurel Oak Road Voorhees, NJ 08043

Received
JUL 14 2010
SSC-Mailroom

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
~~1~~	~~Midwest IDEAS Webcast Fee~~	~~850.00~~	~~850.00~~
1	Southwest IDEAS Webcast Fee	850.00	850.00

Company Canceled 7-12-10

Please make check payable to Three Part Advisors, LLC and send to the address above.

Total $850.00

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

72. Please describe the services provided to ***TAWC*** for each month of 2008 and 2009 and as projected for 2010 and 2011 which are associated with the charges from "Business Transformation" business unit. ***Explain*** how these costs were allocated or changed to ***TAWC*** and precisely the work performed. Provide all travel and entertainment vouchers and receipts associated with charges to this business unit.

Response:

The Business Transformation project is an initiative to identify the investments necessary to replace aged business systems and improve our core business processes. The activities that are being carried/will be carried out to properly plan and manage this project include:

- Review and analyze 'as-is' process models, performance metric data and other documentation to establish a baseline.
- Conduct workshops, interviews and site visits to other companies to identify potential 'to-be' processes and communicate to stakeholders.
- Develop and document 'to-be' business requirements.
- Develop 'to-be' process models.
- Perform a gap analysis between 'as-is' and 'to-be' process models. Assess and document the impact of change on the business as it relates to job roles and responsibilities, capability requirements, and job skills.
- Prioritize process improvements.
- Obtain stakeholder acceptance of the 'to-be' process model and business requirements.

- Visit other companies to assess technology choices and determine technology requirements and impact to software selection.
- Prepare request for proposal for solicitation of software.
- Prepare a Business Case including estimate of benefits and cost of process improvement initiatives and technology solutions.
- Select system software platform.
- Hire system implantation partner to help build new processes and utilize new software solutions.
- Design and build and test new systems processes.
- Conduct formal training sessions to teach employees the new processes and software.
- Install software and begin new processes.

The costs for these services are being allocated to TAWC and other companies based on customer count formulas. The majority of the costs are currently being capitalized.

Please see attached document labeled as TN-COC-01-Q72-ATTACHMENT for the current and projected costs of the business transformation project for the period requested, as well as voucher level detail for travel and entertainment expenses.

Tennessee American
Business Transformation
2010 Forecast as of Oct-2010

	Amount
Software	276,750
Hardware	0
Capitalized Labor	393,829
Other	38,250
AFUDC	21,071
Total	**729,900**

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032040	1	575340	AMEX FEE MRXTLD	0.11
				AMEX FEE PIYDKU	0.11
				AMEXFEE	0.34
				COURTYARD BY MARRIOTT-PEN	5.97
				HERSHEY LODGE & CON. C	3.97
				HOLIDAY INNS ALTON	14.12
				NATIONAL CAR RENTAL	9.59
				PASSARIELLOS PIZZERIA	2.22
				RAPID ROVER AIRPORT SHUTT	0.88
				SHERATON	4.86
				UNITED AIR	19.60
				USAIRWAYS	7.44
				WINGATE INN VOORHEES	6.68
		2	575340	76 / CIRCLE K	0.30
				AMERICAN AI	35.42
				AMEX FEE	0.11
				AMEX FEE GCPOPE	0.11
				AMEX FEE PSURGS	0.11
				AMEXFEE	4.50
				CIRCUIT CITY SS	0.63
				COURTYARD BY MARRIOTT AP	4.58
				COURTYARD BY MARRIOTT CAL	4.03
				COURTYARD BY MARRIOTT MVY	3.52
				COURTYARD BY MARRIOTT SO.	3.24
				COURTYARD BY MARRIOTT-LAX	5.11
				DELTA AIR	7.00
				EMBASSY SUITES CHARLESTO	9.32
				FASTRACK AIRPORT PARKING	3.53
				GO MART	0.72
				HILTON GRDN/JACKSONS	4.64
				HOLIDAY INNS ALTON	12.88
				HUCKS	0.28
				MARRIOTT 33713 ST LOUIS A	27.70
				MARRIOTT 33737 PHLDP ARPT	6.73
				NATIONAL CAR RENTAL	32.20
				OFFICE DEPOT	0.36
				PALM GARDEN HOTEL	2.45
				RAPID ROVER AIRPORT SHUTT	3.51
				SHUTTLEPOINT	0.23
				SOUTHWESTAIR	6.21
				SPRINGHILL SUITES NW	6.55
				SPRINGHILL SUITES-I-	3.79
				SUNOCO SVC STATION	0.69
				UNITED AIR	27.89
				USAIRWAYS	116.08
				WINGATE INN VOORHEES	8.90
				YEAGER AIRPORT PARKING	0.71
		3	575340	AMERICAN AI	25.06
				AMERICAN WATER WORKS	19.58
				AMEX FEE BPFDIK	0.11
				AMEX FEE HVRZRS	0.11
				AMEX FEE IMLJEE	0.11
				AMEX FEE OFLBIU	0.11
				AMEXFEE	3.15
				ARIZONA BILTMORE	11.30
				COURTYARD BY MARRIOTT ALX	5.38
				COURTYARD BY MARRIOTT MVY	3.83
				DELTA AIR	20.95
				DOUBLETREE SUITES LEXINGT	5.50
				DRURY INN CREVE COEUR	5.74
				FAIRFIELD INN DOWNTOWN	4.99
				FASTRACK AIRPORT PARKING	2.49
				HILTON ST LOUIS AIRPORT	10.17
				HOLIDAY INNS ALTON	62.26
				HUCKS	0.21
				MARRIOTT 33710 LAGUARDIA	4.64
				MARRIOTT 33713 ST LOUIS A	19.33

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032040	3	575340	MARRIOTT 33737 PHLDP ARPT	5.70
				MARRIOTT HOTELS-CHATTANOG	8.37
				NATIONAL CAR RENTAL	50.33
				OFFICEMAX CT IN	0.56
				PACIFICO AIRPORT VALET	1.18
				PATRIOT PARK-MARKET LOT	0.95
				PAULS TAXI	1.35
				PENN'S VIEW INN	6.17
				PPAPHLY	8.48
				RAPID ROVER AIRPORT SHUTT	4.28
				SOUTHWESTAIR	10.26
				SPRINGHILL SUITES-I-	10.86
				STAPLES	4.80
				TEXACO	0.02
				UNITED AIR	19.24
				USAIRWAYS	109.31
				WINGATE BY WYNDHAM OF SCO	9.69
				WINGATE INN	2.66
				WINGATE INN VOORHEES	22.25
		4	575340	ALAMO RENT-A-CAR	2.86
				AMERICAN AI	23.35
				AMEX FEE PTJUZF	0.11
				AMEXFEE	1.35
				FASTRACK AIRPORT PARKING	0.42
				HAMPTON INN VOORHEES	26.08
				HOLIDAY INNS ALTON	7.56
				HUCKS	0.27
				LAMBERT ST. LOUIS	0.59
				MARRIOTT 33713 ST LOUIS A	4.43
				NATIONAL CAR RENTAL	31.91
				PPAPHLY	1.35
				SHELL OIL	0.33
				SOUTHWESTAIR	7.14
				UNITED AIR	0.34
				USAIRWAYS	14.45
				WINGATE INN VOORHEES	13.35
		5	575340	AMERICAN AI	12.54
				AMEX FEE CYWKWW	0.11
				AMEX FEE FNQGLR	0.11
				AMEXFEE	3.04
				CHAMPAGNE LIMO	2.93
				CIBO BISTRO WINE A	0.20
				COURTYARD BY MARRIOTT ALX	5.03
				COURTYARD BY MARRIOTT-LAX	4.95
				DRURY INN CREVE COEUR	14.07
				ENTERPRISE RENT-A-CAR	9.28
				EXPEDIA SERVICE FEES	0.16
				EXXONMOBIL	0.13
				FASTRACK AIRPORT PARKING	4.33
				FEDEX	0.96
				HAMPTON INN VOORHEES	21.74
				HOLIDAY INN EXPRESS HOTEL	7.08
				HUCKS	0.25
				LUKOIL	0.54
				MARRIOTT 33713 ST LOUIS A	12.82
				NATIONAL CAR RENTAL	34.26
				NWA AIR	5.43
				PHILADELPHIA TAXI	2.95
				PPAPHLY	2.70
				RAPID ROVER AIRPORT SHUTT	1.76
				SHELL OIL	0.18
				SOUTHWESTAIR	8.31
				SPEEDWAY 07102	0.10
				SPRINGHILL SUITES NW	5.54
				SPRINGHILL SUITES-HRSBG/H	3.17
				UNITED AIR	37.01
				USAIRWAYS	90.52

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032040	5	575340	WINGATE INN VOORHEES	28.85
		6	575340	AMERICAN AI	1.68
		7	575340	ALOFT	3.53
				AMEX FEE JERBRE	0.45
				AMEXFEE	1.69
				BOSTON TAXI	2.18
				COURTYARD BY MARRIOTT DTW	4.55
				DELTA AIR	32.13
				ELECTRONIC MEDIA SYSTEMS	0.18
				HESS	0.73
				MARRIOTT 33713 ST LOUIS A	9.03
				MARRIOTT 33737 PHLDP ARPT	6.54
				NATIONAL CAR RENTAL	1.27
				NWA AIR	2.86
				PPAPHLY	3.76
				RESIDENCE INNS-LINTICUM	4.50
				SEAVIEW RESORT	10.80
				SHERATON HOTELS	18.60
				SPRINGHILL SUITES-HRSBG/H	4.02
				UNITED AIR	4.21
				USAIRWAYS	48.27
				YELLOW CAB/DIGITAL DIS	0.83
		8	575340	AMERICAN AI	2.74
				AMEXFEE	0.90
				BEST BUY	7.88
				COURTYARD BY MARRIOTT-PEN	5.07
				NATIONAL CAR RENTAL	2.63
				PPAPHLY	1.80
				USAIRWAYS	13.57
		9	575340	AMEXFEE	0.11
				HOLIDAY INNS ALTON	10.08
				PPAPHLY	0.45
				RAPID ROVER AIRPORT SHUTT	0.95
				USAIRWAYS	7.82
		10	575340	AMERICAN AI	5.26
				AMEX FEE	0.34
				AMEX FEE KBBOVE	0.11
				AMEXFEE	0.68
				AMTRAK	3.04
				AMTRAK .COM	4.73
				CHAMPAGNE LIMO	5.67
				DELTA AIR	24.53
				GATEWAY ARCH TICKET CT	2.70
				HOLIDAY INNS ALTON	15.12
				MARRIOTT HOTELS	16.93
				NATIONAL CAR RENTAL	1.34
				NWA AIR	4.84
				PARKING PPAPHLY	1.69
				PPAPHLY	2.25
				RADDISSON HOTEL	9.75
				RAPID ROVER AIRPORT SHUTT	1.85
				SHERATON HOTEL	8.67
				SPRINGHILL SUITES BALDWIN	3.55
				US AIRWAYS	11.02
				USAIRWAYS	32.09
				WINGATE INN VOORHEES	2.23
		11	575340	AMEXFEE	0.79
				ENTERPRISE RENT-A-CAR	4.68
				MARRIOTT 33786 CHARLESTON	11.84
				PPAPHLY	1.80
				TEXACO	0.32
				USAIRWAYS	9.84
		12	575340	AMEX FEE KIZSSZ	0.45
				Aramark Refreshment Services -	9.77
	032051	6	575340	AMEXFEE	0.68
				BALTIMORE CENTER GARAGE	0.29
				FASTRACK AIRPORT PARKING	1.25

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032051	6	575340	HILTON GARDEN INN	4.02
				HOLIDAY INN AIRPORT	2.71
				HOLIDAY INN EXPRESS	2.13
				MARRIOTT 33713 S.L. - F/B	0.31
				MARRIOTT 33713 ST LOUIS A	4.13
				MAYORGA COFFEE	0.13
				NATIONAL CAR RENTAL	13.02
				PPAPHLY	0.45
				SOUTHWESTAIR	3.01
				SPEEDWAY 01146	0.62
				USAIRWAYS	14.84
				WESTIN HOTEL COLUMB F&B	0.29
				WESTIN HOTEL COLUMBUS	3.60
		7	575340	AMEX FEE PTEKZM	0.11
				AMEXFEE	1.01
				AMTRAK	0.90
				AMTRAK .COM	4.88
				BWI BOINGO WIRELESS	0.11
				DRURY INN CREVE COEUR	2.62
				FASTRACK AIRPORT PARKING	0.50
				IBAHN CORPORATION	0.22
				MARRIOTT 33737 PHLDP ARPT	1.38
				Marriott International - PHL A	9.18
				NATIONAL CAR RENTAL	1.28
				NWA AIR	9.75
				SHERATON HOTELS	3.07
				USAIRWAYS	31.06
		8	575340	BEST BUY	5.61
		10	575340	AIRPORT BP	0.48
				FASTRACK AIRPORT PARKING	0.75
				HOLIDAY INNS ALTON	5.04
				NATIONAL CAR RENTAL	3.35
		11	575340	AMEXFEE	0.45
				COMFORT INNS	1.96
				FASTRACK AIRPORT PARKING	0.38
				NATIONAL CAR RENTAL	1.36
				SUNOCO SVC STATION	0.26
				USAIRWAYS	2.77
	032052	6	575340	AMEX FEE EZJGEC	0.11
				AMEX FEE KBIGNP	0.11
				AMEXFEE	1.80
				CHERRY VALLEY TRANSPORTAT	1.64
				CROWNE PLAZA HOTELS	7.66
				HERTZ RENT-A-CAR	3.87
				MARRIOTT PHILADELPHIA	10.79
				PAR MAR	0.35
				PHILADELPHIA TAXI	4.43
				UNITED AIR	37.11
				USAIRWAYS	1.57
				WINGATE INN VOORHEES	13.35
		7	575340	ALLIED AREA A CAB	1.46
				AMEX FEE BOWJSC	0.11
				AMEX FEE DTWPLX	0.45
				AMEX FEE EBUVEH	0.11
				AMEX FEE FRUNIR	0.11
				AMEX FEE GOSNAA	0.11
				AMEX FEE IMWSAE	0.11
				AMEX FEE KCBJCQ	0.11
				AMEX FEE NHGXFW	0.11
				AMEXFEE	0.90
				BEST TAXI INC	1.69
				EMBASSY SUITES CHARLESTO	4.71
				HERSHEY LODGE & CON. C	5.19
				HERTZ RENT A CAR	3.43
				HERTZ RENT-A-CAR	8.49
				HILTON GARDEN INN	5.26
				HILTON GARDEN INN HRSY	7.19

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032052	7	575340	MARRIOTT 33737 PHLDP ARPT	27.96
				MARRIOTT COLUMBUS AIRPORT	2.94
				MARRIOTT PHILADELPHIA	9.21
				NATIONAL CAR RENTAL	15.27
				PHILADELPHIA TAXI	2.38
				SHELL OIL	0.60
				SHERATON HOTELS	3.07
				SOUTHWESTAIR	2.42
				UNITED AIR	17.29
				USAIRWAYS	5.49
				WESTIN PHILADELPHIA	4.61
				WINGATE INN VOORHEES	26.70
		8	575340	AMEX FEE BDPRHS	0.11
				AMEX FEE KEZSFR	0.11
				AMEXFEE	0.11
				MARRIOTT 33737 PHLDP ARPT	7.72
				MARRIOTT PHILADELPHIA	4.61
				PHILADELPHIA TAXI	3.11
				UNITED AIR	19.60
				WINGATE INN VOORHEES	6.68
		9	575340	AMEX FEE MVCBBK	0.11
				AMEXFEE	1.46
				CHERRY VALLEY TRANSPORTAT	1.69
				HERSHEY LODGE & CON. C	4.47
				MARRIOTT 33737 PHLDP ARPT	7.72
				MARRIOTT PHILADELPHIA	9.59
				PHILADELPHIA TAXI	1.45
				UNITED AIR	22.21
		10	575340	AFRAH TRANSPORTATION	0.68
				AMEX FEE	0.11
				AMEX FEE GIPFMT	0.11
				AMEXFEE	0.79
				EMBASSY SUITES CHARLESTO	4.76
				EXXONMOBIL	0.82
				HERSHEY LODGE & CON. C	(0.37)
				HERTZ RENT-A-CAR	3.53
				KING ROYAL CABS	0.68
				MARATHON OIL 014654 XXX	0.45
				MARRIOTT 33737 PHLDP ARPT	3.86
				MARRIOTT 337A5 CHARLOTTE	6.19
				MARRIOTT HOTELS	12.33
				MARRIOTT PHILADE	(0.36)
				MARRIOTT PHILADELPHIA	11.51
				NATIONAL CAR RENTAL	4.01
				PHILADELPHIA TAXI	2.95
				UNITED AIR	39.49
				US AIRWAYS	1.57
				USAIRWAYS	15.17
		11	575340	A BASIC TAXI CO	1.85
				AMEX FEE FNGSRL	0.11
				AMEXFEE	0.68
				CHOICE TAXI ASSN.	0.91
				MARRIOTT PHILADELPHIA	9.21
				NATIONAL CAR RENTAL	5.24
				PHILADELPHIA TAXI	1.56
				PORT COLUMBUS PARKING	2.30
				PREMIER TRANSPORTATION	0.79
				UNITED AIR	20.54
				USAIRWAYS	4.94
				WINGATE INN VOORHEES	8.26
		12	575340	AMEX FEE JTYMGG	0.11
				AMEXFEE	0.56
				MARRIOTT PHILADELPHIA	4.61
				PARKING SOLUTIONS INC	2.57
				PHILADELPHIA TAXI	1.85
				THE US GRANT A LUXURY COL	14.21
				UNITED AIR	7.25

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032052	12	575340	USAIRWAYS	9.84
				YELLOW CAB OF SAN DIEG	0.33
	032053	5	575340	AMEXFEE	0.11
				USAIRWAYS	11.10
		6	575340	COLONIAL AIRPORT PARKING	1.01
				NATIONAL CAR RENTAL	6.21
				RENAISSANCE HOTELS ST LOU	6.15
				SPRINGHILL SUITES-I-	5.05
				USAIRWAYS	0.68
		7	575340	ALOFT	3.53
				AMEX FEE CEMRUD	0.11
				AMEXFEE	0.79
				AMTRAK	0.20
				AMTRAK .COM	7.13
				BOS TAXI MED	1.46
				BOULEVARD AMOCO	1.06
				COLONIAL AIRPORT PARKING	0.61
				COURTYARD BY MARRIOTT DTW	5.04
				EDIBLE ARRANGEMENTS	5.22
				GREEN CAB OF WALTHAM	1.22
				HYATT REGENCY RIVERFRONT	0.81
				MARRIOTT 33737 PHLDP ARPT	0.46
				Marriott International - PHL A	6.82
				NATIONAL CAR RENTAL	2.64
				SHERATON HOTELS	3.09
				USAIRWAYS	24.91
		8	575340	AMERICAN AI	2.74
				AMEXFEE	0.45
				EDIBLE ARRANGEMENTS -	3.11
				USAIRWAYS	2.58
		9	575340	COLONIAL AIRPORT PARKING	0.61
				HOLIDAY INNS ALTON	5.04
				SHELL OIL	0.35
				USAIRWAYS	0.90
		10	575340	AMEXFEE	0.68
				COURTYARD BY MARRIOTT-CIR	3.37
				DELTA AIR	0.00
				DOUBLETREE SUITES LEXINGT	2.75
				HILTON GARDEN INN HRSY	2.02
				NATIONAL CAR RENTAL	2.42
				SHELL OIL	0.36
				USAIRWAYS	13.05
		12	575340	AMEXFEE	0.45
				COLONIAL AIRPORT PARKING	0.41
				DRURY INN CREVE COEUR	2.62
				NATIONAL CAR RENTAL	1.20
				USAIRWAYS	6.33
	032054	6	575340	AMEXFEE	0.90
				DELTA AIR	13.70
				DOUBLETREE SUITES LEXINGT	5.56
				DRURY INN CREVE COEUR	2.62
				HAMPT INN - PEORIA	6.04
				HAMPTON INN & SUITES	11.54
				HAMPTON INN VOORHEES	8.69
				LAMBERT ST. LOUIS	0.90
				NATIONAL CAR RENTAL	17.11
				NWA AIR	4.76
				TARGET	0.18
				UNITED AIR	0.34
				USAIRWAYS	13.52
		7	575340	AMERICAN AI	9.64
				AMEXFEE	2.81
				BEST TAXI INC	3.47
				DELTA AIR	2.64
				DOUBLETREE SUITES LEXINGT	2.53
				ENTERPRISE RENT-A-CAR	2.99
				HAMPTON INN VOORHEES	6.52

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032054	7	575340	HOLIDAY INN LOUISVILLE	2.73
				LAMBERT ST. LOUIS	2.95
				MARRIOTT PHILADELPHIA	29.58
				PHILADELPHIA TAXI	1.49
				QT 684	0.55
				READY CAB	0.56
				RENAISSANCE CATERING C	14.87
				SHELL OIL	0.60
				SHERATON HOTELS	3.07
				SPRINGHILL SUITES ARCADIA	5.64
				SPRINGHILL SUITES NW	1.80
				UNITED AIR	7.85
				USAIRWAYS	22.65
		8	575340	ALLIED AREA A CAB	1.51
				AMEXFEE	0.11
				BEST BUY	22.69
				DELTA AIR	0.34
				HAMPTON INN & SUITES	6.72
				LAMBERT ST. LOUIS	2.70
				MARRIOTT 33737 PHLDP ARPT	9.79
				NATIONAL CAR RENTAL	5.99
				NWA AIR	0.34
				USAIRWAYS	7.23
		9	575340	AMEXFEE	0.56
				SOUTHWESTAIR	6.10
		10	575340	AMEXFEE	0.68
				BOWKER'S BP	0.64
				DELTA AIR	0.66
				HAMPTON INN VOORHEES	13.04
				NATIONAL CAR RENTAL	6.16
				SPRINGHILL SUITES BALDWIN	3.55
				USAIRWAYS	21.63
		11	575340	AMEXFEE	4.16
				AMTRAK .COM	1.80
				ASCENT GROUP	33.30
				DELTA AIR	3.09
				HAMPTON INN VOORHEES	23.91
				HAMPTON INN VOORHENO SHOW	2.17
				LAMBERT ST. LOUIS	1.34
				LUKOIL	0.21
				NATIONAL CAR RENTAL	14.90
				SOUTHWESTAIR	33.66
				USAIRWAYS	35.42
		12	575340	AMEX FEE DNLSFD	0.56
				AMEX FEE GOHUWH	0.45
				AMEX FEE LMNXDJ	0.11
				AMEXFEE	0.45
				HAMPTON INN VOORHEES	26.08
				LAMBERT ST. LOUIS	1.34
				LUKOIL	0.48
				NATIONAL CAR RENTAL	10.86
				USAIRWAYS	4.39
	032055	5	575340	AMERICAN AI	2.05
				AMEX FEE PFEFTW	0.11
				AMEXFEE	0.79
				APPLEBEES	1.21
				BWI BOINGO WIRELESS	0.18
				ENTERPRISE RENT-A-CAR	2.26
				FASTRACK AIRPORT PARKING	1.84
				HOLIDAY INN EXPRESS HOTEL	4.53
				LUKOIL	0.32
				NATIONAL CAR RENTAL	5.11
				USAIRWAYS	11.41
				WINGATE INN VOORHEES	8.90
		6	575340	ENTERPRISE RENT-A-CAR	3.72
				FASTRACK AIRPORT PARKING	1.50
				HAMPTON INN HARRISBURG W	5.66

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032055	6	575340	LUKOIL	0.28
				SOUTHWESTAIR	5.94
				WINGATE INN VOORHEES	4.45
		7	575340	AMERICAN AI	6.78
				AMEXFEE	0.45
				ENTERPRISE RENT-A-CAR	2.88
				FAIRFIELD INN MARION	4.05
				FASTRACK AIRPORT PARKING	4.26
				HAMPTON INN	3.19
				HAPPY VALLEY HOMEWOOD SUI	6.01
				MEIJER INC #143 Q	0.18
				NATIONAL CAR RENTAL	5.45
				SHELL OIL	0.14
				SOUTHWESTAIR	11.90
				SPRINGHILL SUITES-AP NATO	3.05
				USAIRWAYS	39.53
				WINGATE INN VOORHEES	8.90
		8	575340	ALOFT	7.13
				ALOFT LEXINGTON FB	0.06
				AMERICAN AI	10.28
				AMEX FEE EKTFMT	0.11
				AMEX FEE FXDKPG	0.11
				AMEX FEE LXSJTW	0.11
				AMEXFEE	2.93
				BOWKER'S BP	0.16
				ENTERPRISE RENT-A-CAR	4.93
				EXXONMOBIL	0.63
				FASTRACK AIRPORT PARKING	9.98
				HAMPTON INN	5.89
				HAPPY VALLEY HOMEWOOD SUI	2.50
				HILTON GRDN/JACKSONS	4.32
				HOLIDAY INN EXPRESS HOTEL	2.17
				HOLIDAY INNS ALTON	5.04
				LUKOIL	0.92
				MARRIOTT 33737 PHLDP ARPT	3.86
				MARRIOTT PHILADELPHIA	6.91
				NATIONAL CAR RENTAL	31.90
				SHELL OIL	0.17
				SHERATON HOTELS	3.30
				SOUTHPORT BP	0.06
				SOUTHWESTAIR	17.36
				USAIRWAYS	68.79
				WINGATE INN VOORHEES	29.48
		9	575340	AMERICAN AI	8.59
				AMEXFEE	0.23
				CHS @ CREATIVE	0.33
				DOUBLETREE SUITES LEXINGT	2.75
				EXXONMOBIL	0.17
				FASTRACK AIRPORT PARKING	2.55
				HAMPTON INNS	2.40
				HOLIDAY INNS ALTON	2.52
				LUKOIL	0.22
				MARRIOTT PHILADELPHIA	2.30
				NATIONAL CAR RENTAL	9.48
				SHELL OIL	0.14
				USAIRWAYS	17.54
				WINGATE INN VOORHEES	8.90
		10	575340	AIRPORT PARKING	0.92
				AMEX FEE	0.11
				AMEX FEE PYKVCZ	0.11
				AMEXFEE	1.46
				COURTYARD BY MARRIOTT-PHI	2.57
				DELTA AIR	4.79
				FASTRACK AIRPORT PARKING	3.34
				HAMPTON INN	4.35
				HAMPTON INN VOORHEES	15.21
				LUKOIL	1.37

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032055	10	575340	NATIONAL CAR RENTAL	13.26
				SHELL OIL	0.19
				SPRINGHILL SUITES BALDWIN	3.73
				US AIRWAYS	15.09
				USAIRWAYS	24.68
		11	575340	AMEX FEE HXUUWD	0.11
				AMEXFEE	2.25
				AMTRAK .COM	0.81
				BAHA FRESH	0.27
				FASTRACK AIRPORT PARKING	2.13
				HAMPTON INN VOORHEES	10.87
				LUKOIL	0.19
				NATIONAL CAR RENTAL	2.41
				SOUTHWESTAIR	9.03
				USAIRWAYS	22.25
		12	575340	FASTRACK AIRPORT PARKING	2.42
				HAMPTON INN VOORHEES	13.04
				LUKOIL	0.50
				NATIONAL CAR RENTAL	3.62
	032056	5	575340	AMEXFEE	0.45
				DOUBLETREE SUITES LEXINGT	2.95
				NATIONAL CAR RENTAL	1.24
				PPAPHLY	0.90
				SHELL OIL	0.07
				USAIRWAYS	6.78
		6	575340	AMEXFEE	0.79
				COURTYARD BY MARRIOTT-LAX	3.82
				FASTRACK AIRPORT PARKING	1.46
				HUCKS	0.28
				NATIONAL CAR RENTAL	7.26
				TOWNEPLACE SUITES PENSACO	5.01
				USAIRWAYS	19.88
		7	575340	AMERICAN AI	9.86
				AMEX FEE CRXPXH	0.11
				AMEXFEE	0.68
				COURTYARD BY MARRIOTT-LAX	0.36
				DOUBLETREE SUITES LEXINGT	2.53
				FASTRACK AIRPORT PARKING	0.42
				HUCKS	0.43
				HYATT HOTELS	24.73
				MARRIOTT 33713 ST LOUIS A	12.98
				MARRIOTT 33737 PHLDP ARPT	1.84
				MARRIOTT CANYON VILLAS	3.51
				Marriott International - PHL A	11.36
				NATIONAL CAR RENTAL	9.91
				NWA AIR	26.76
				PACIFICO AIRPORT VALET	2.36
				PPAPHLY	0.45
				SHELL OIL	0.30
				SHERATON HOTELS	3.07
				SOUTHWESTAIR	3.39
				UNION 76	0.16
				USAIRWAYS	7.06
		8	575340	AMERICAN AI	2.53
				AMERICAN WATERWORKS	4.34
				AMEXFEE	1.24
				BEST BUY	9.94
				FASTRACK AIRPORT PARKING	0.42
				HOLIDAY INNS ALTON	2.52
				NATIONAL CAR RENTAL	1.20
				SHELL OIL	0.22
				SOUTHWESTAIR	1.86
				USAIRWAYS	21.83
		9	575340	AMAZON.COM	0.48
				FASTRACK AIRPORT PARKING	1.25
				HOLIDAY INNS ALTON	5.04
				NATIONAL CAR RENTAL	5.40

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2009	032056	10	575340	AMTRAK	2.31
				AMTRAK .COM	2.05
				ASCENT GROUP	11.81
				PPAPHLY	0.90
				SPRINGHILL SUITES BALDWIN	3.55
		11	575340	AMTRACK NORTH DECK #	0.47
		12	575340	AMEX FEE CHBOKL	0.11
				AMEX FEE FIVGDK	0.11
				AMEX FEE GPBDZQ	0.11
				AMEXFEE	0.11
				FASTRACK AIRPORT PARKING	0.95
				RESIDENCE INNS JOPLIN	3.00
				SHERATON WESTPORT PLZ TW	2.81
				SOUTHWESTAIR	4.32
				USAIRWAYS	3.85
2009 Total					**3,978.95**
2010	032040	1	575340	MACY S EAST	3.70
				REI 94 MARLTON	0.90
				TARGET	2.24
			575350	CHINA KING	1.43
				COUNTRY CLUB DINER	0.45
				PASSARIELLOS PIZZERIA	0.46
				RADNOR RESTAURANT	1.68
		2	575340	AMERICAN AI	4.41
				AMEXFEE	0.34
				AMTRAK .COM	1.43
				CONTINENTAL	12.20
				COURTYARD BY MARRIOTT JAX	2.81
				PPAPHLY	0.72
				USAIRWAYS	4.39
			575350	ANTHONY MICHAEL'S C	67.57
				APPLEBEES	0.67
				COURTYARD BY MARRIOTT JAX	0.30
				PARADIES-JACKSONVILLE	0.16
		3	575340	AMEXFEE	0.45
				AMTRAK .COM	8.18
				AMTRAK NORTH DECK #Q	1.37
				CENTRAL AIRPARK Q	0.60
				COURTYARD BY MARRIOTT WAS	5.10
				DELTA AIR	3.49
				MARRIOTT HOTELS-SAN MATEO	11.97
				NATIONAL CAR RENTAL	2.87
				PPAPHLY	3.14
				RESIDENCE INNS PENSACOLA	4.95
				SOUTHWESTAIR	6.48
				TAN-TARA-RESORT OSAGE BC	1.94
				USAIRWAYS	32.92
				WASH METRORAIL	0.20
				WESTLAND TRAVE	0.16
			575350	A-06 BEERS OF	0.67
				AMERICAN AI	0.09
				ANTHONY MICHAEL'S C	29.10
				APPLEBEES	0.49
				COSI -	0.24
				COURTYARD BY MARRIOTT WAS	0.41
				GENUARDIS STOR	0.92
				HEALTHY GARDENANDGOURMET	1.63
				LEPETIT BISTRO TERM C	0.16
				MARRIOTT HOTELS-SAN MATEO	0.66
				MAX'S EATZ SFO	0.30
				PASSARIELLOS PIZZERIA	6.56
				STARBAUCKS A	0.10
		4	575340	AMERICAN AI	5.83
				AMEXFEE	0.45
				AMTRAK .COM	3.22
				AMTRAK NORTH DECK #Q	0.92
				COURTYARD BY MARRIOTT SHE	7.18

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032040	4	575340	SOUTHWESTAIR	12.97
				STANLEY HOTEL	4.40
				TONY'S TRANSPORTATION	8.06
				UNITED AIR	6.80
				USAIRWAYS	24.30
			575350	BERTUCCI'S #	4.91
				CATELLI RISTORANTE LLC	12.62
				HEALTHY GARDENANDGOURMET	3.02
				PASSARIELLOS PIZZERIA	10.83
				RENAISSANCE CATERING C	7.12
				SWEET EATS BAKERY	0.77
		5	575340	A-06 BEERS OF	0.76
				AMAZON MKTPLACE PMTS	0.54
				AMEX FEE BRSWFA	0.11
				AMEXFEE	2.02
				CONTINENTAL	(12.20)
				DAVE & BUSTERS	0.34
				HOLIDAY INN AIRPORT	4.57
				PPAPHLY	2.53
				SHELL OIL	0.21
				SOUTHWESTAIR	0.45
				STANLEY HOTEL	53.62
				USAIRWAYS	10.97
			575350	ACME	1.30
				APPLEBEES	0.65
				PANERA BREAD	3.79
				PASSARIELLOS PIZZERIA	2.64
				RENAISSANCE CATERING C	7.53
		6	575340	05001 PKWY-BELLEVUE GR	0.52
				AIRPORT TAXI	0.76
				AMERICAN AI	18.43
				AMEX FEE CUHRIQ	0.11
				AMEX FEE FFAFRQ	0.11
				AMEXFEE	0.90
				AMTRAK .COM	0.00
				APPLEBEES	1.23
				CENTRAL AIRPARK Q	0.73
				CHINATOWN 4133 Q	0.58
				DELTA AIR	45.27
				ECHELON MALL	2.28
				FEDEX	1.62
				GOLD SHIELD TRANSPORTA	1.01
				HOTEL DEL CORONADO	23.42
				MARRIOTT 33737 PHLDP ARPT	1.37
				MARRIOTT HOTELS-CHATTANOG	8.52
				MARRIOTT ST LOUIS WEST	2.81
				NATIONAL CAR RENTAL	4.81
				OFFICE DEPOT	2.40
				PPAPHLY	6.27
				RENTAL CAR TOLLS	0.22
				SEAVIEW RESORT	14.03
				SHELL OIL	0.30
				SOUTHWESTAIR	0.90
				STANLEY HOTEL	29.01
				UNITED AIR	13.45
				USAIRWAYS	27.77
				VILLA PIZZA	0.22
			575350	ACME	0.36
				APPLEBEES	5.54
				Aramark Refreshment Services -	3.60
				ATLANTA DAILY WORLD -	0.17
				CATELLI RISTORANTE LLC	4.55
				CATELLI RISTORANTE QPS	16.66
				CHATTANOOGAN CONFERENCE	1.03
				CHEZ ELENA WU	6.62
				CHS @ CREATIVE	1.38
				COCONUT BAY FUSHION CUISI	0.49

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032040	6	575350	DNC THS-DENVER INT'L AP	0.37
				KAMINSKIS	0.60
				MCDONALD'S F	0.13
				MEDITERANEO EATERY & P	3.88
				MILANESE'S PIZZERIA	3.49
				PANERA BREAD	6.30
				PASSARIELLO PIZZERIA	0.41
				RENAISSANCE CATERING C	7.99
				RISTORANTE FIENIS INC	0.75
				SHOPRITE OF MOUNT	0.36
				TARGET	0.85
				THE OLIVE GARD	2.90
				THE STANLEY HOTEL RESTAUR	1.50
				WAL-MART	2.00
				WASABI WOK	3.09
				WAWA 374	0.14
				WAWA 494	0.33
		7	575340	05001 PKWY-BELLEVUE GR	0.52
				AIR HOST MOLINE LOUNGE	0.31
				AMERICAN AI	21.24
				AMEXFEE	0.34
				AU BON PAIN Q	0.21
				DELTA AIR	11.45
				ELEMENT K CORPORATION	0.71
				GOLDCOAST LB O	0.14
				HILTON GARDEN INN	3.28
				MARK TWAIN HOTEL PEO	2.51
				MARRIOTT PHILADELPHIA	8.55
				MCDONALD'S F	0.45
				MR. TAXI	0.94
				PPAPHLY	3.47
				RADISSON HOTEL-QUAD CITY	3.01
				RENAISSANCE HOTELS STL AP	2.49
				SPRINGHILL SUITES-I-	1.95
				THE HANGAR TOO	0.08
				UNITED AIR	10.01
				USAIRWAYS	51.96
				VILLA PIZZA TERM B	0.14
				WINGATE INN VOORHEES	2.22
			575350	APPLEBEES	0.68
				COUNTRY CLUB DINER	0.44
				CVS PHARMACY #0668 Q	0.53
				MARRIOTT PHILADELPHIA	37.07
				PASSARIELLO PIZZERIA	1.81
				PHILLY SOFT PRETZE	1.30
				TARGET	0.75
		8	575340	AMERICAN AI	19.81
				AMEXFEE	1.34
				CA ONE@DETROIT METRO ARPT	0.21
				CORNELL TRANSPORTATION I	2.20
				COURTYARD BY MARRIOTT-LAG	10.72
				DELTA AIR	11.45
				FAIRFIELD INN DOWNTOWN	4.72
				FAIRFIELD INN MARION	4.99
				HILTON GARDEN INN	3.28
				LAGUARDIA USA, LLC	0.24
				MARK TWAIN HOTEL PEO	2.51
				MARRIOTT 33737 PHLDP ARPT	4.82
				NATIONAL CAR RENTAL	10.30
				PARADIES #535 PHILADELPHI	0.08
				PPAPHLY	6.61
				RADISSON HOTEL-QUAD CITY	3.10
				RENAISSANCE HOTELS FT LAU	0.00
				RENAISSANCE HOTELS STL AP	2.08
				SPRINGHILL SUITES-I-	1.94
				USAIRWAYS	46.21
			575350	A-06 BEERS OF	0.08

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032040	8	575350	AIR HOST MOLINE LOUNGE	0.65
				AU BON PAIN Q	0.22
				CA ONE@DETROIT METRO ARPT	0.14
				CHEZ ELENA WU	0.60
				CHILIS F04 ORD	0.73
				COCONUT BAY FUSHION CUISI	0.58
				COURTYARD BY MARRIOTT-LAG	1.14
				DICK CLARK T3	0.76
				FORTUNE PAVILION	0.37
				HILTON GARDEN INN F&B	0.23
				LAGUARDIA USA, LLC	0.19
				PANERA BREAD	0.44
				PASSARIELLO PIZZERIA -	0.91
				PINEAPPLE ASIAN RESTAURAN	1.42
				RADISSON HOTEL-QUAD CITY	1.43
				RADNOR RESTAURANT	0.91
				RELAY	0.14
				RENAISSANCE HOTELS STL AP	0.50
				RESORTS AC BUFFET	0.36
				TIDEWATER	1.87
				TRAVEL TRADERS	0.06
				TWO	1.64
		9	575340	ALTON BP	0.10
				AMEXFEE	0.34
				BEST BUY MHT	3.55
				BRIO CHERRY HILL	1.16
				BROICHE DOREE	0.25
				HAMPTON INN VOORHEES	6.49
				HOLIDAY INNS ALTON	3.07
				NATIONAL CAR RENTAL	3.53
				PPAPHLY	0.78
				RADIOSHACK COR	3.03
				USAIRWAYS	20.05
			575350	ACME	0.65
				CATELLI RISTORANTE LLC	5.01
				CHEZ ELENA WU	0.74
				DUNKIN #339052 Q	0.16
				HEALTHY GARDENANDGOURMET	2.55
				MAGGIANOS	5.60
				MAGGIANO'S	27.04
				OUTBACK	1.00
				PANERA BREAD	0.73
				PASSARIELLO PIZZERIA -	6.51
				RADNOR RESTAURANT	1.03
				RANDOLPH'S BAKERY	1.95
				RENAISSANCE CATERING C	70.76
				WAL-MART	0.38
				WAWA 943	0.39
				WEGMANS	0.48
	032051	1	575350	ANTHONY MICHAEL'S C	33.95
				BJ'S WHOLESALE	0.76
				PHILLY SOFT PRETZE	0.31
		2	575350	PHILLY SOFT PRETZE	0.44
		3	575340	AMTRAK .COM	3.52
				AMTRAK NORTH DECK #Q	0.56
			575350	ANTHONY MICHAEL'S C	1.57
				JOHNNY'S HALF SHELL	1.00
				SNACK BAR PA-T	0.22
		5	575340	AMEXFEE	0.45
				CHILIS BAR & B	1.39
				DUNKIN #343287 Q	0.08
				FASTRACK AIRPORT PARKING	0.53
				LIMERICK DINER	0.72
				MARKET STREET TAVERN	0.50
				MARRIOTT HOTELS-CHATTANOG	4.42
				NATIONAL CAR RENTAL	2.51
				PANERA BREAD	2.71

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032051	5	575340	SHERATON HOTELS F&B	0.96
				USAIRWAYS	3.36
				WENDY'S #5385 Q	0.17
		6	575340	05911 PKWY-15TH&CHESTN	0.34
				AIRPORT BP	0.39
				AMEXFEE	0.22
				BB S JAZZ BLUES AND SOUPS	0.78
				FASTRACK AIRPORT PARKING	1.26
				GUAVA & JAVA -PIA-EAST	0.16
				HAMPTON INN HARRISBURG W	2.83
				LEPETIT BISTRO TERM C	0.11
				MARRIOTT 33713 ST LOUIS A	2.96
				MARRIOTT 33737 PHLDP ARPT	1.37
				NATIONAL CAR RENTAL	1.79
				OUTBACK	0.86
				QDOBA MEXICAN GRILL-	4.91
				SOUTHWESTAIR	7.15
				STARBUCKS PA-T	0.18
				USAIRWAYS	1.96
		7	575340	AMEXFEE	0.11
				HOLIDAY INNS ON THE BAY	2.84
				MCDONALD'S F	0.15
				PPAPHLY	0.90
				SUNSTYLE NEWS/	0.18
				USAIRWAYS	14.21
			575350	GUAVA & JAVA - PIA	0.22
				PANERA BREAD	4.96
				RENAISSANCE CATERING C	15.54
				YJ CORP T A TONY SOPRANO	1.39
		8	575340	PASSARIELLO PIZZERIA	0.53
		9	575350	TUTTI TOSCANI BY LAMBERTI	0.70
	032052	1	575340	AMEX FEE OHECNW	0.11
				AMEXFEE	2.24
				LUKOIL	1.66
				MARRIOTT PHILADELPHIA	43.56
				NATIONAL CAR RENTAL	17.47
				PARKING SOLUTIONS INC	2.15
				PHILADELPHIA TAXI	1.48
				R & J BEST ENTERPRISES	1.52
				UNITED AIR	16.83
				USAIRWAYS	34.13
			575350	ANTHONY MICHAEL'S C	42.10
				APPLEBEES	0.59
				BJ'S WHOLESALE	0.76
				MARRIOTT PHILADELPHIA	3.09
				PASSARIELLOS PIZZERIA	0.22
				VINO VOLO PHL #	1.11
		2	575340	AMEX FEE BDKCZX	0.11
				AMEXFEE	0.78
				AMTRAK .COM	3.18
				LUKOIL	0.57
				MARRIOTT PHILADELPHIA	13.02
				NATIONAL CAR RENTAL	3.98
				PARKING SOLUTIONS INC	1.70
				PARKING SOLUTIONS INC.	1.43
				R & J BEST ENTERPRISES	1.70
				USAIRWAYS	31.15
			575350	MARRIOTT PHILADELPHIA	0.53
				SHOPRITE OFARK RD	0.24
		3	575340	AMEX FEE FZYSSP	0.11
				AMEX FEE KVHALY	0.11
				AMEX FEE NMPGYP	0.45
				AMEX FEE NNLXJK	0.11
				AMEXFEE	0.90
				AMTRAK .COM	3.45
				COURTYARD BY MARRIOTT SHE	3.59
				HILTON HOTELS MARK CTR	4.97

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032052	3	575340	HOTEL HERSHEY	3.70
				NATIONAL CAR RENTAL	7.01
				PARKING SOLUTIONS INC	2.06
				PHILADELPHIA TAXI	1.56
				PREMIER TRANSPORTATION	1.66
				RED TOP CAB OF FAIRFAX	1.21
				SOUTHWESTAIR	3.79
				UNITED AIR	8.71
				USAIRWAYS	41.17
				WASHINGTON FLYER TAXI	1.74
			575350	ANTHONY MICHAEL'S C	1.57
				CIBO BISTRO WINE A	0.64
				HILTON HOTELS MARKCTR F&B	2.95
				HOTEL HERSHEY	2.00
				MCDONALD'S F	0.10
				P.F. CHANG'S	0.87
				PILOT	0.08
		4	575340	AMEX FEE CJOZON	0.11
				AMEX FEE EDECBP	0.11
				AMEX FEE EYFSFS	0.11
				AMEX FEE HWEMNG	0.11
				AMEX FEE JCLTUU	0.22
				AMEX FEE JLGJIK	0.11
				AMEXFEE	0.90
				AMTRAK .COM	(3.18)
				AVIS RENT-A-CAR	5.01
				HOLIDAY INNS ALTON	2.51
				MARRIOTT PHILADELPHIA	50.44
				NATIONAL CAR RENTAL	2.64
				PARKING SOLUTIONS INC	1.97
				PHILADELPHIA TAXI	1.55
				R & J BEST ENTERPRISES	1.68
				UNITED AIR	14.52
				USAIRWAYS	5.49
			575350	F TERMINAL, LP	0.31
				MARRIOTT PHILADELPHIA	2.65
		5	575340	AMEX FEE DTZLLI	0.11
				AMEX FEE EZLDEC	0.11
				AMEX FEE LIBWPE	0.11
				AMEX FEE PSCPUH	0.11
				AMEXFEE	1.68
				AMTRAK .COM	7.35
				CROWN PLAZA HARRISBURG	5.73
				LUKOIL	0.80
				MARRIOTT PHILADELPHIA	22.92
				NATIONAL CAR RENTAL	10.38
				PARKING SOLUTIONS INC.	0.92
				PHILADELPHIA TAXI	1.11
				PORT COLUMBUS PARKING	1.52
				PREMIER TRANSPORTATION	1.57
				R & J BEST ENTERPRISES	0.83
				SAGE DINER	0.16
				TMOBILE HOTSPOT	0.18
				UNITED AIR	32.93
				USAIRWAYS	63.47
			575350	BAJA FRESH	0.20
				CAFFE ALDO LAMBERTI	1.69
				COCONUT BAY FUSHION CUISI	0.81
				COSI	0.40
				GIFT SHOP MD-T	0.17
				GREAT LAKES BREWERY - A	0.13
				MARRIOTT PHILADELPHIA	2.50
				MCDONALD'S F	0.25
				PASSARIELLOS PIZZERIA	3.53
				VINO VOLO PHL #	0.41
		6	575340	ALI JOOF CAB	0.67
				AMAZON.COM	7.04

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032052	6	575340	AMEX FEE BENJML	0.11
				AMEX FEE DDFRAP	0.11
				AMEX FEE IHDIIH	0.11
				AMEX FEE JZKYQH	0.11
				AMEX FEE OXPKWN	0.11
				AMEX FEE PJOKMX	0.11
				AMEX FEE PLDAWW	0.11
				AMEXFEE	0.45
				BOSTON PARK PLAZA HOTEL	16.84
				COURTYARD BY MARRIOTT-PHI	3.49
				HERTZ RENT-A-CAR	7.65
				MARRIOTT 33737 PHLDP ARPT	17.44
				MARRIOTT PHILADELPHIA	20.79
				MARRIOTT ST LOUIS WEST	8.42
				NATIONAL CAR RENTAL	17.30
				OFFICE DEPOT	1.07
				PARKING SOLUTIONS INC	1.79
				PHILADELPHIA TAXI	1.49
				SEAVIEW RESORT	5.15
				SUNOCO SVC STATION	0.67
				UNITED AIR	14.43
				USAIRWAYS	33.93
			575350	AMTRAK NRTHEAST CAFE Q	0.13
				BOSTON PARK PLAZA HOTEL	0.31
				COURTYARD BY MARRIOTT-PHI	0.06
				MARRIOTT 33737 PHLDP ARPT	1.97
				MARRIOTT ST LOUIS WEST	0.10
				MCDONALD'S F	0.15
				PHL-D-JETROCKBAR&GRILL	0.44
				WAWA 970	0.14
		7	575340	AMEXFEE	0.11
				MARRIOTT PHILADELPHIA	9.17
				PARKING SOLUTIONS INC	2.15
				PHILADELPHIA TAXI	1.56
				R & J BEST ENTERPRISES	1.68
				USAIRWAYS	19.95
			575350	HUDSON NEWS-PHILADELPH	0.15
				JOHNNIE'S DOG HOUS	0.05
				MARRIOTT PHILADELPHIA	0.45
				MCDONALD'S F	0.08
				PASSARIELLO PIZZERIA	0.91
				REDSTONE AMERICAN GRILL	1.31
				RENAISSANCE CATERING C	15.27
				THE OLIVE GARD	0.24
		8	575340	AMEX FEE BEYLFG	0.11
				AMEX FEE CKQGYH	0.11
				AMEX FEE EHQSWP	0.11
				AMEX FEE MFRZYD	0.11
				AMEXFEE	1.68
				DOUBLE TREE GUEST SUIT	2.74
				EMBASSY SUITES CHARLESTO	3.94
				HERTZ RENT-A-CAR	14.16
				MARRIOTT PHILADELPHIA	35.16
				NATIONAL CAR RENTAL	13.32
				PARKING SOLUTIONS INC	3.09
				PHIL-TAXI	1.85
				RADISSON HOTEL-QUAD CITY	3.01
				UNITED AIR	25.33
				USAIRWAYS	70.11
				YEAGER AIRPORT PARKING	1.51
			575350	AIRPORT GIFT SHOP	0.09
				ARBYS	0.18
				CHEZ ELENA WU	0.68
				CHICK-FIL-A	0.20
				CHILI'S GRILL	0.78
				COSI	0.48
				DOUBLE TREE GUEST SUIT	0.75

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032052	8	575350	EXXONMOBIL	0.28
				GOOD 2 GO II	0.35
				MARRIOTT PHILADELPHIA	1.97
				MCDONALD'S F	0.22
				PASSARIELLO PIZZERIA	0.16
				RADISSON HOTEL-QUAD CITY	0.59
				SBARRO	0.11
				VOORHEES SEAFOOD MARKE	1.23
		9	575340	AMEXFEE	0.45
				LUKOIL	0.63
				MARRIOTT PHILADELPHIA	18.34
				NATIONAL CAR RENTAL	12.05
				PARKING SOLUTIONS INC	4.21
				UNITED AIR	(5.33)
				USAIRWAYS	31.65
			575350	CORIANDER INDIAN BISTRO	0.22
				HEALTHY GARDENANDGOURMET	0.17
				HUDSON NEWS-PHILADELPH	0.11
				MARRIOTT PHILADELPHIA	1.06
				PARADIES #535 PHILADELPHI	0.17
				SPEEDWAY 09224 NEL	0.08
	032053	1	575350	ANTHONY MICHAEL'S C	87.98
				BJ'S WHOLESALE	0.76
				PHILLY SOFT PRETZE	0.31
		2	575340	AMTRAK .COM	2.86
			575350	PHILLY SOFT PRETZE	0.44
				THE KIBITZ ROOM	0.86
		3	575340	AMEXFEE	0.45
				AMTRAK .COM	0.36
				COURTYARD BY MARRIOTT SHE	3.59
				EDIBLE ARRANGEMENTS	2.87
				FIVE STAR PARKING Q	0.76
				USAIRWAYS	5.21
			575350	ANTHONY MICHAEL'S C	1.57
		5	575340	USAIRWAYS	8.72
			575350	PASSARIELLOS PIZZERIA	0.40
		6	575340	AMEXFEE	0.22
				DELTA AIR	27.24
				INTERCONTINENTAL BUCKHEAD	8.83
				KANSAS CITY TAXI	1.05
				MARRIOTT 33737 PHLDP ARPT	0.46
				MARRIOTT HOTELS KANSAS CT	0.45
				PREFLIGHT PHILADELPHIA	1.05
				USAIRWAYS	7.40
				YELLOW CAB CARD SERVICES	0.93
			575350	TUTTI TOSCANI BY LAMBERTI	0.85
		7	575340	NATIONAL CAR RENTAL	1.10
				PPAPHLY	0.45
			575350	DUNKIN #345497 Q	0.70
				RENAISSANCE CATERING C	11.96
		8	575340	AMEXFEE	0.34
				DOUBLE TREE GUEST SUIT	0.22
				EDIBLE ARRANGEMENTS -	1.14
				EXPERT PARKING	0.58
				HOTELS.COM US	2.95
				NATIONAL CAR RENTAL	3.82
				PPAPHLY	1.79
				SPRINGHILL SUITES NW	1.50
				USAIRWAYS	34.93
			575350	COUNTRY HOUSE RESTAURANT	1.51
				D COKE COLA	0.14
				LEPETIT BISTRO TERM C	0.13
		9	575340	COURTYARD BY MARRIOTT SO.	2.48
				NATIONAL CAR RENTAL	1.92
				PPAPHLY	0.90
			575350	FIRESIDE BREWHOUSE	1.74
				PHILLY AIR AUBONPAIN	0.20

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032054	1	575340	AMEXFEE	0.90
				HAMPTON INN VOORHEES	10.82
				LUKOIL	0.73
				MARRIOTT PHILADELPHIA	9.17
				NATIONAL CAR RENTAL	13.21
				USAIRWAYS	6.85
			575350	ACME	1.39
				ANTHONY MICHAEL'S C	28.86
				BJ WHOLESALE	2.43
				CHAMPPS	1.61
				DUNKIN #337486 Q	0.32
				DUNKIN #337538 Q	0.09
				MCDONALD'S F	0.16
				PANERA BREAD	0.17
				PHILADELPHIAS FAMOUS CHIC	0.22
				PHILLY SOFT PRETZE	2.59
		2	575340	AMEX FEE EJWQEE	0.11
				AMEXFEE	0.22
				HAMPTON INN VOORHEES	12.98
				LAMBERT ST. LOUIS	2.17
				NATIONAL CAR RENTAL	2.40
				USAIRWAYS	10.55
			575350	ACME	0.45
				BAHA FRESH	0.36
				DUNKIN #308215 Q	0.07
				DUNKIN #337486 Q	0.15
				PANERA BREAD	0.32
				PASSARIELLOS PIZZERIA	0.22
				PHILLY SOFT PRETZE	0.44
				VINO VOLO PHI	0.82
				WAL-MART	0.32
				WENDYS #1898 Q	0.11
		3	575340	AMERICAN AI	5.33
				AMEXFEE	1.79
				AMTRAK .COM	3.45
				COURTYARD BY MARRIOTT SHE	4.15
				HAMPTON INN VOORHEES	19.47
				LAMBERT ST. LOUIS	0.58
				MARRIOTT@FAIR OAKS FAIRFX	4.16
				NATIONAL CAR RENTAL	10.19
				SOUTHWESTAIR	5.73
				UNITED AIR	11.43
				USAIRWAYS	43.55
			575350	ACME	0.49
				ANTHONY MICHAEL'S C	1.57
				ARTIES	1.07
				BAJA FRESH	0.18
				CVS PHARMACY #2713 Q	0.96
				FRESHNESS	0.10
				GOOD 2 GO II	0.20
				MY JUST DESSERTS	1.32
				PANERA BREAD	9.78
				PASSARIELLOS PIZZERIA	0.57
				PHL-CHICK-FIL-	0.15
				PRINCIVALLIS CAFE	5.17
				STARBUCKS A-	0.11
				TARGET	1.39
				WENDYS #1898 Q	0.28
		4	575340	AMEXFEE	0.56
				HAMPTON INN VOORHEES	8.91
				LAMBERT ST. LOUIS	0.58
				MARRIOTT HOTELS	11.06
				MARRIOTT JW LAS VEGAS	4.24
				NATIONAL CAR RENTAL	2.65
				PREMIER TRANSPORTATION	1.81
				USAIRWAYS	7.54
			575350	ASIAN CHAO 76 Q	0.21

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032054	4	575350	JOSE CUERVO N	0.62
				LA SALSA CANTINA MEXIC	1.83
				MARRIOTT HOTELS	1.95
				PASSARIELLOS PIZZERIA	0.37
				PORTO TERRA BAR	0.89
				SAMMY HAGAR BA	1.09
				STARBUCKS E-	0.15
				STARBUCKS USA	0.06
				SUBWAY	0.14
		5	575340	AMEX FEE LFWTTJ	0.11
				AMEXFEE	2.35
				COURTYARD BY MARRIOTT MON	2.29
				DELTA AIR	6.70
				DREAMCATCHER SHUTTLE SVC	1.34
				HAMPTON INN & SUITES	2.47
				HAMPTON INN VOORHEES	17.05
				LAMBERT ST. LOUIS	2.62
				NATIONAL CAR RENTAL	10.10
				OTTER	0.56
				SHELL OIL	0.13
				USAIRWAYS	45.00
			575350	ACME	0.46
				CHEVYS OLV	0.45
				GOOD 2 GO II	0.09
				MCDONALD'S F	0.09
				PANERA BREAD	1.00
				PASSARIELLOS PIZZERIA	0.74
				PEG LEG PETES	9.14
				PENSACOLA ALE	1.12
				PHL-CHICK-FIL-	0.25
				PRINCIVALLIS CAFE	4.72
				SHOP'N SAVE	0.38
				STARBUCKS A-	0.11
				WM SUPERCENTER	1.07
		6	575340	AMEXFEE	0.11
				HAMPTON INN VOORHEES	4.33
				LUKOIL	0.36
				NATIONAL CAR RENTAL	3.61
				PHILADELPHIA TAXI	1.46
				SOUTHWESTAIR	11.32
				SUNSHINE SHUTTLE	10.08
				USAIRWAYS	6.49
			575350	BAJA FRESH	0.18
				BRICKERS PIZZA & RESTA	2.56
				CHAMPPS	0.81
				DUNKIN #308215 Q	0.12
				GIANT FOOD	0.35
				PANERA BREAD	0.23
				PASSARIELLO PIZZERIA	0.51
				PHILADELPHIAS FAMOUS CHIC	1.08
		7	575340	AMEXFEE	0.22
				DELTA AIR	12.43
				DOUBLETREE SUITES LEXINGT	2.52
				HAMPTON INN VOORHEES	17.31
				LAMBERT ST. LOUIS	1.04
				MARRIOTT 33737 PHLDP ARPT	8.72
				MR. MIKE S CAB	1.07
				NATIONAL CAR RENTAL	3.61
				SHELL OIL	0.89
				SOUTHWESTAIR	10.24
				USAIRWAYS	8.02
			575350	ACME	0.25
				CHS @ CREATIVE	0.73
				DOUBLETREE WESTPORT REST	0.81
				DUNKIN #308215 Q	0.65
				EMBASSY SUITES SCRMNT	0.80
				PARADIES #535 PHILADELPHI	0.18

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032054	7	575350	PASSARIELLO PIZZERIA	0.56
				RENAISSANCE CATERING C	11.96
				STARBUCKS SMF	0.24
		8	575340	AMEXFEE	0.11
				ENTERPRISE RENT-A-CAR	1.78
				SHELL OIL	0.72
				USAIRWAYS	6.06
			575350	PANERA BREAD	3.15
		9	575340	AMEX FEE CIDIQO	0.11
				AMEXFEE	2.13
				DELTA AIR	0.22
				HAMPTON INN VOORHEES	10.82
				HOLIDAY INN EXPRESS	2.12
				LAMBERT ST. LOUIS	2.06
				LUKOIL	0.16
				NATIONAL CAR RENTAL	3.60
				PACKARD HOSPITALITY GROUP	3.24
				SOUTHWESTAIR	7.10
				USAIRWAYS	37.49
			575350	CHICK-FIL-A	0.14
				ICE HOUSE COOKERY & CATER	0.67
				MCDONALD'S F	0.11
				PHILADELPHIAS FAMOUS CHIC	0.71
				PHL-CHICK-FIL-	0.27
				REDSTONE AMERICAN GRILL	2.15
				SALADWORKS-VOORHEE Q	0.23
				TIM HORTON'S #5656 Q	0.56
				TONYS LOUNGE INC	0.88
	032055	1	575340	AMEXFEE	1.12
				FASTRACK AIRPORT PARKING	5.40
				HAMPTON INN VOORHEES	21.64
				LUKOIL	1.42
				MARRIOTT PHILADELPHIA	11.23
				NATIONAL CAR RENTAL	8.99
				PHILADELPHIA TAXI	1.43
				SOUTHWESTAIR	6.66
				USAIRWAYS	12.37
			575350	ANTHONY MICHAEL'S C	25.17
				APPLEBEES	1.34
				BAHA FRESH	0.63
				BERTUCCI'S	1.14
				BJ'S WHOLESALE	0.76
				BROICHE DOREE	0.29
				DUNKIN #337486 Q	0.20
				FUDDRUCKERS - VOORHEES	0.37
				HUDSON NEWS PH	0.58
				MAKI OF JAPN	0.17
				MCDONALD'S F	0.19
				PANERA BREAD	1.11
				PARADIES #535 PHILADELPHI	0.07
				PARADIES #550 Q	0.17
				PASSARIELLOS PIZZERIA	0.37
				PHILLY SOFT PRETZE	0.31
				REDSTONE AMERICAN GRILL	1.75
				THE OLIVE GARD	0.62
				WAWA 767	0.06
				WENDYS #1898 Q	0.10
		2	575340	ACME	0.22
				AMEXFEE	0.90
				FASTRACK AIRPORT PARKING	2.41
				HAMPTON INN VOORHEES	12.98
				LUKOIL	0.19
				NATIONAL CAR RENTAL	7.21
				SHELL OIL	0.33
				USAIRWAYS	10.55
			575350	BAHA FRESH	0.90
				BROICHE DOREE	0.10

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032055	2	575350	DUNKIN #337486 Q	0.07
				PANERA BREAD	0.55
				PARADIES #550 Q	0.14
				PHILLY SOFT PRETZE	0.44
				PHILLY STEAK AND GYRO AIR	0.25
				VOORHEES SEAFOOD MARKE	0.72
		3	575340	AMERICAN AI	10.95
				AMEX FEE GMUWTJ	0.11
				AMEXFEE	1.23
				AMTRAK .COM	3.45
				EXXONMOBIL	0.15
				FASTRACK AIRPORT PARKING	2.46
				HAMPTON INN VOORHEES	15.15
				LUKOIL	0.28
				MARRIOTT@FAIR OAKS FAIRFX	4.31
				NATIONAL CAR RENTAL	2.57
				USAIRWAYS	19.80
			575350	ANTHONY MICHAEL'S C	1.57
				ARTIES	1.07
				COCONUT BAY FUSHION CUISI	0.42
				DUNKIN #343287 Q	0.08
				EAT AT JOE'S AIRPORT	0.21
				MCDONALD'S F	0.22
				PANERA BREAD	0.51
				PARADIES #391 Q	0.15
				PARADIES #535 PHILADELPHI	0.08
				PARADIES #550 Q	0.55
				PASSARIELLOS PIZZERIA	0.55
				RITZ 0462	0.18
				VIA MERCH CLT	0.13
		4	575340	AMEXFEE	0.56
				AMTRAK NORTH DECK #Q	0.92
				COURTYARD BY MARRIOTT SHE	3.59
				FASTRACK AIRPORT PARKING	2.70
				HAMPTON INN VOORHEES	4.33
				LUKOIL	0.32
				NATIONAL CAR RENTAL	6.01
				SHELL OIL	0.44
				USAIRWAYS	11.36
			575350	AMTRAK ACELA CAFE Q	0.15
				BAJA FRESH	0.36
				HUDSON NEWS PH	0.18
				PARADIES #535 PHILADELPHI	0.12
				PJ WHELIHANS PUB CHERRY H	0.60
				QUIZNOS SUB #6869 Q	0.22
		5	575340	AMEX FEE BEVIOB	0.11
				AMEXFEE	2.91
				FASTRACK AIRPORT PARKING	4.91
				HAMPTON INN VOORHEES	19.47
				LUKOIL	0.52
				MARRIOTT PHILADELPHIA	4.59
				NATIONAL CAR RENTAL	10.81
				RESIDENCE INNS-PHIL	3.33
				SHELL OIL	0.04
				SOUTHWESTAIR	4.52
				USAIRWAYS	54.62
			575350	ACME	0.20
				APPLEBEES	1.31
				ASIAN CHAO 76 Q	0.21
				BAJA FRESH	1.28
				DUNKIN #308215 Q	0.17
				FIVE GUYS-NJ #	0.22
				HEALTHY GARDENANDGOURMET	1.03
				HUDSON NEWS PH	0.14
				MARRIOTT PHILADELPHIA F&B	0.41
				NICKS II PIZZA	0.68
				PANERA BREAD	0.58

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032055	5	575350	PARADIES #535 PHILADELPHI	0.65
				PARADIES #550 Q	0.73
				PASSARIELLOS PIZZERIA	0.27
				PRIMO'S HOAGIES - VOO	0.25
		6	575340	AMEX FEE OTHMFQ	0.11
				AMEXFEE	1.68
				BOWKER'S BP	0.27
				ENVOY INN & SUITES	2.76
				FAST TRACK	1.50
				FASTRACK AIRPORT PARKING	3.66
				HAMPTON INN HARRISBURG W	2.83
				HAMPTON INN VOORHEES	17.31
				LUKOIL	1.02
				MARRIOTT 33737 PHLDP ARPT	8.72
				NATIONAL CAR RENTAL	16.95
				THORNTONS #0157 Q	0.34
				USAIRWAYS	17.02
			575350	BAJA FRESH	0.32
				BANGKOK CITY AUTHENTIC	0.54
				CHAMPPS	0.81
				DUNKIN #308215 Q	0.07
				DUNKIN #337486 Q	0.17
				DUNKIN' DONUTS EAST	0.19
				GOURMET FOODWORKS CORPORA	5.66
				GROWLERS PUB OF CREVE	0.90
				JUICE & JAVA CAFE	3.45
				MCDONALD'S F	0.16
				OUTBACK	0.90
				PANERA BREAD	0.25
				PARADIES #351 Q	0.17
				PARADIES #535 PHILADELPHI	0.36
				PARADIES #550 Q	0.14
				PARADIES #550 Q	0.37
				PASSARIELLO PIZZERIA	0.21
				PHILADELPHIAS FAMOUS CHIC	1.13
				PJ WHELIHANS PUB CHERRY H	0.87
				SNACK BAR PA-T	0.15
				SUNOCO	0.26
				THE OLIVE GARD	0.53
				THORNTONS #0157 Q	0.08
		7	575340	1 CLASSY CAB	0.28
				FAST TRACK	3.62
				HAMPTON INN VOORHEES	6.49
				HOLIDAY INN EXPRESS HOTEL	2.04
				HOLIDAY INNS ON THE BAY	3.33
				LUKOIL	0.42
				MARRIOTT 337J8 SD MARINA	33.04
				NATIONAL CAR RENTAL	8.15
				RENAISSANCE CATERING C	0.96
				THE SPRING HOUSE	3.22
				USAIRWAYS	10.57
			575350	CARVELL/PIZZA	0.11
				HUDSON NEWS O'HARE JV	0.16
				JIMMY LOVES	1.10
				MARRIOTT 337J8 SD MARINA	0.61
				MCDONALD'S F	0.16
				MIGUEL'S COCINA	1.84
				PANERA BREAD	0.21
				PARADIES #550 Q	0.26
				PARADIES-PHILADELPHIA	0.30
				RAVE CINEMAS -	0.27
				REDSTONE AMERICAN GRILL	1.31
				RENAISSANCE CATERING C	14.57
				SUBWAY	0.27
				SUNSTYLE NEWS/	0.21
				THE FIELD	3.29
				THE TIN FISH	0.76

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032055	8	575340	AMEX FEE FDLRHC	0.45
				AMEXFEE	0.56
				FAST TRACK	2.46
				HAMPTON INN VOORHEES	4.33
				MARRIOTT PHILADELPHIA	6.88
				NATIONAL CAR RENTAL	3.61
				PHILADELPHIA TAXI	1.35
				SHELL OIL	0.32
				SOUTHWESTAIR	6.77
				USAIRWAYS	30.74
			575350	BAJA FRESH	0.29
				BANDANAS BBQ #26 CREVE CO	0.85
				BLUE BURRITO N	0.29
				DUNKIN #308215 Q	0.22
				MARRIOTT PHILADELPHIA F&B	0.43
				PANCHERO'S MEXICAN GRI	0.20
				PANERA BREAD	0.75
				PARADIES #535 PHILADELPHI	0.10
				PARADIES #550 Q	0.40
				PJ WHELIHANS PUB CHERRY H	0.75
				RENAISSANCE CATERING C	7.74
				TACO BELL	0.37
		9	575340	AMEXFEE	0.11
				FAST TRACK	2.46
				HAMPTON INN VOORHEES	10.82
				HOLIDAY INN EXPRESS	2.12
				LUKOIL	0.57
				NATIONAL CAR RENTAL	9.06
				SHELL OIL	0.19
				USAIRWAYS	13.21
			575350	BAJA FRESH	0.32
				BUFFALO WILD WINGS MARION	0.66
				CHICKIES AND PETES	0.90
				DUNKIN #308215 Q	0.07
				HUDSON NEWS-PHILADELPH	0.19
				JACK FLASH	0.16
				JASON'S DELI #	4.28
				KFC E565014	0.18
				PANCHERO'S MEXICAN GRI	0.19
				PANERA BREAD	0.27
				PARADIES #550 Q	0.16
				PARADIES #550 Q	0.17
				PHILADELPHIAS FAMOUS CHIC	0.47
				REDSTONE AMERICAN GRILL	2.15
				SPEEDWAY 01323 N M	0.07
	032056	1	575340	PHILLY SOFT PRETZE	0.14
			575350	ANTHONY MICHAEL'S C	54.02
				BJ'S WHOLESALE	0.76
				PHILLY SOFT PRETZE	0.16
		2	575350	SHOPRITE OFARK RD	0.24
		3	575340	AMEXFEE	0.78
				AMTRAK .COM	6.72
				AMTRAK NORTH DECK #Q	0.56
				AMTRAK TELEP	1.03
				BEST BUY MHT	1.48
				CENTER CAFE	1.07
				CHEVRON	0.28
				COURTYARD BY MARRIOTT SHE	3.59
				DELTA AIR	8.54
				FASTRACK AIRPORT PARKING	1.94
				MARRIOTT JW LAS VEGAS	4.24
				NATIONAL CAR RENTAL	2.99
				USAIRWAYS	15.01
			575350	ANTHONY MICHAEL'S C	1.56
				DAL TORO	2.03
				KONA GRILL- LAS VEGAS #	2.66
				QUIZNOS SUB #6869 Q	0.18

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032056	3	575350	SHIZEN	7.86
				STARBUCKS @ JW MARRIOTT	0.09
		4	575340	ALDER STREET GARAGE	1.05
				AMERICAN WATERWORKS	5.82
				AMEXFEE	0.11
				FASTRACK AIRPORT PARKING	0.81
				MARRIOTT HOTELS	9.38
				UNION 76	0.61
				USAIRWAYS	10.64
			575350	JAKE'S GRILL	2.24
				RED STAR TAVERN	2.46
				STARBUCKS USA	0.20
				SUBWAY	0.17
		5	575340	AMEX FEE FJHIRO	0.11
				AMEX FEE LVDMZZ	0.11
				AMEXFEE	1.68
				AVIS RENT-A-CAR	4.73
				COURTYARD BY MARRIOTT MON	2.19
				COURTYARD BY MARRIOTT-PEN	2.47
				DELTA AIR	12.11
				DREAMCATCHER SHUTTLE SVC	0.67
				FASTRACK AIRPORT PARKING	1.81
				GLORIETTA BAY INN	5.33
				HERTZ RENT-A-CAR	1.07
				NATIONAL CAR RENTAL	3.76
				OFFICE DEPOT	1.20
				RENAISSANCE HOTELS STL AP	4.36
				SHELL OIL	0.20
				STORE	0.17
				USAIRWAYS	18.44
			575350	A AU BON PAIN	0.10
				BISTRO D'ASIA - CORONA	0.63
				CRAMERS DELI S	0.19
				LE PETIT BISTRO TERM D	0.17
				PANERA BREAD	8.17
				PENSACOLA ALE	1.77
				RENAISSANCE HOTELS STL AP	1.44
		6	575340	AMERICAN AI	5.20
				AMEX FEE MWFDNQ	0.90
				AMEXFEE	0.11
				DOUBLETREE SUITES LEXINGT	2.52
				FASTRACK AIRPORT PARKING	0.40
				MARRIOTT 33737 PHLDP ARPT	1.37
				NATIONAL CAR RENTAL	2.15
				SHELL OIL	0.27
				SUNSHINE SHUTTLE	10.08
				USAIRWAYS	37.42
			575350	DEL FRISCOS DO	11.89
				JERSEY MIKES SUBS	2.53
				MALONE'S	2.48
				MOE'S SOUTHWEST GRILL	8.81
				PJ WHELIHANS PUB CHERRY H	5.59
				WOLFGANG PUCK	0.10
		7	575340	EMBASSY SUITES SCRMNT	0.30
				FAST TRACK	1.01
				LAWONDO'S INC	0.14
				NATIONAL CAR RENTAL	1.44
				SPRINGHILL SUITES-I-	1.94
			575350	ACME	0.38
				FAT CITY BAR & CAFE	0.60
				LEPETIT BISTRO TERM C	0.19
				N4 HOME TURF P	0.51
				RENAISSANCE CATERING C	20.81
		8	575340	AMEX FEE FDIQWV	0.11
				AMEXFEE	0.11
				COURTYARD BY MARRIOTT-STL	5.62
				FAST TRACK	0.81

Business Transformation
Detail Expense-Acct# 575340-Employee Expense A&G , #575350- Meals & Travel Deduct and #575351-Meals & Travel Nonduct.
For 2009 and for the Nine Months Ending September 30, 2010

Sum of TAWC Amount					
Year	Business Unit	Period	Account	Description	Total
2010	032056	8	575340	NATIONAL CAR RENTAL	2.20
				SHELL OIL	0.33
				USAIRWAYS	20.67
			575350	BROICHE DOREE	0.30
		9	575340	AMERICAN WATERWORKS	4.32
2010 Total					**4,250.66**
Grand Total					**8,229.61**

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Lori O'Malley

Question:

73. ***Identify*** each employee, by unique ***Identifying*** number, at the Local Service Center and National Service Center service level that allocated or directly charged costs to ***TAWC*** during 2008 and 2009 and as projected for 2010 and 2011.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Company does not maintain the information in the format requested in the ordinary course of its business. Please see the attachments identified as TN-COC-01-Q73-ATTACHMENT 1 and TN-COC-01-Q73-ATTACHMENT 2, that list employees at the Customer Service Centers that allocated or directly charged costs to TAWC during 2008 and 2009. Please also refer to the response to TN-CAPD-01-PART III-Q41 for a list of employees as of September 30, 2010. A projected list of employees for 2011 is not readily available since the company has not yet completed the 2011 budget. The Company's attrition year management fees were determined based on reasonable projections of cost increases and elimination of non-recurring expenses and expenses not normally recovered in rates as provided in the response to TN-TRA-01-Q013, at TRA-01-Q013-MANAGEMENT FEES, pages 1-12 of 12.

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment A
2008 Employees

Home BU	Home Business Unit	Employee #	Job Title
034005	CCA-Administration	3000197	Sr Specialist Business Svcs
034005	CCA-Administration	3017161	Admin Asst (N)
034005	CCA-Administration	3017735	Mgr Process
034005	CCA-Administration	3018180	Specialist Opns & Perf Rptg(N)
034005	CCA-Administration	9015384	Analyst Business
034005	CCA-Administration	9015384	Sr Specialist Business Svcs
034005	CCA-Administration	24007543	Mgr O&M
034005	CCA-Administration	50037453	Office Manager (N)
034005	CCA-Administration	50137045	Receptionist (N)
034005	CCA-Administration	50224680	VP Customer Svc
034005	CCA-Administration	50248653	Mgr Operations & Performance
034005	CCA-Administration	50305022	Mgr Process Design ITS
034005	CCA-Administration	50394053	Mgr Cust Comm (State)
034070	CCA-Call Handling	3016241	Supvr Call Handling Group
034070	CCA-Call Handling	3016448	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016452	Team Supvr Call Handling
034070	CCA-Call Handling	3016771	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3016776	CSR-1 Call Handling Rep
034070	CCA-Call Handling	3016791	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3016856	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016858	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016869	CSR-1 Call Handling Rep
034070	CCA-Call Handling	3016869	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016922	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3016926	CSR-2 Call Handling Rep
034070	CCA-Call Handling	3017086	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017266	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017490	Mgr Call Handling
034070	CCA-Call Handling	3017498	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3017498	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3017500	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017500	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3017587	CSR-2 Call Handling Rep
034070	CCA-Call Handling	3017587	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017589	Team Supvr Call Handling
034070	CCA-Call Handling	3017868	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3017916	CSR-3 Time Critical Rep
034070	CCA-Call Handling	3017927	Team Supvr Call Handling
034070	CCA-Call Handling	3017930	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3017930	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3017945	CSR-2 Call Handling Rep
034070	CCA-Call Handling	3017945	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017987	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3017987	Supvr Floor (N)
034070	CCA-Call Handling	3017993	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3018005	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3018005	Specialist Performance (N)
034070	CCA-Call Handling	3018008	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3018009	CSR-1 Call Handling Rep

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment A
2008 Employees

Home BU	Home Business Unit	Employee #	Job Title
034070	CCA-Call Handling	9000304	CSR-3 Call Handling Rep
034070	CCA-Call Handling	9015798	CSR-4 Customer Service Spec
034070	CCA-Call Handling	9015917	CSR-4 Customer Service Spec
034070	CCA-Call Handling	17002636	Team Supvr Call Handling
034070	CCA-Call Handling	17007105	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50019698	CSR-4 Coach
034070	CCA-Call Handling	50019698	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50019701	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50019724	Analyst QA (N)
034070	CCA-Call Handling	50019732	Team Supvr Call Handling
034070	CCA-Call Handling	50021276	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50021281	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50025540	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50027582	Team Supvr Call Handling
034070	CCA-Call Handling	50027601	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50029314	Team Supvr Call Handling
034070	CCA-Call Handling	50037332	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50038982	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50039568	Team Supvr Call Handling
034070	CCA-Call Handling	50043493	Specialist Performance (N)
034070	CCA-Call Handling	50043646	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50047652	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50047677	Team Supvr Call Handling
034070	CCA-Call Handling	50048842	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50048842	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50050705	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50053132	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50053150	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50053150	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50054027	Team Supvr Call Handling
034070	CCA-Call Handling	50054136	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50057115	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50057144	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50057171	CSR-3 Billing Specialist
034070	CCA-Call Handling	50058267	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50066677	Team Supvr Call Handling
034070	CCA-Call Handling	50066681	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50069140	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50069140	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50071066	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50071066	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50074994	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50074994	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50075088	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50077116	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50077116	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50081209	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50081209	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50083286	CSR-1 Call Handling Rep

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment A
2008 Employees

Home BU	Home Business Unit	Employee #	Job Title
034070	CCA-Call Handling	50083286	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50083360	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50083360	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50087133	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50090843	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50090848	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50090855	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50096900	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50096900	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50096921	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50096931	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50098114	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50098137	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50098137	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50098166	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50098166	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50098281	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50099170	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50099170	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50099172	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50099172	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50099175	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50099225	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50099225	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50099250	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50099253	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50099253	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50100190	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50100190	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50101308	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50102796	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50103204	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50103204	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50105941	Team Supvr Call Handling
034070	CCA-Call Handling	50110729	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50110729	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50113915	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50113938	Specialist Performance (N)
034070	CCA-Call Handling	50113992	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50114004	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50122342	Team Supvr Call Handling
034070	CCA-Call Handling	50122437	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50122438	Team Supvr Call Handling
034070	CCA-Call Handling	50125811	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50125878	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50125879	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50126015	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50126349	Team Supvr Call Handling
034070	CCA-Call Handling	50126639	CSR-1 Call Handling Rep

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment A
2008 Employees

Home BU	Home Business Unit	Employee #	Job Title
034070	CCA-Call Handling	50126639	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50130542	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50130558	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50130559	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50130562	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50130744	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50130784	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50130786	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50130786	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50130787	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50137060	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50137060	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50185975	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50185975	Supvr Floor (N)
034070	CCA-Call Handling	50192441	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50192441	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50192456	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50192456	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192469	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50192469	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192484	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50192484	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192487	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192488	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50192488	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192507	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50233830	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50233830	Specialist Performance (N)
034070	CCA-Call Handling	50235090	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50235090	Supvr Floor (N)
034070	CCA-Call Handling	50235096	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50235170	Spec Educ & Staff Dev (N)
034070	CCA-Call Handling	50235170	Specialist Performance (N)
034070	CCA-Call Handling	50235172	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50235172	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50235174	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50235174	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50235184	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50235185	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50250300	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50251098	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50251099	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50251174	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50251174	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50258567	Mgr Call Handling
034070	CCA-Call Handling	50277570	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50277570	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50277577	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50277577	CSR-2 Call Handling Rep

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034070	CCA-Call Handling	50277580	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50277580	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50277582	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50277681	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50279015	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50279015	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50287886	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50287886	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50287901	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50287901	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50287902	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50289381	Team Supvr Call Handling
034070	CCA-Call Handling	50297725	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50297726	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50297739	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50297739	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50297742	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50297744	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50311177	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50311177	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50311188	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50311188	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50314486	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50314488	Team Supvr Call Handling
034070	CCA-Call Handling	50319784	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50319784	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50319790	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50319810	Team Supvr Call Handling
034070	CCA-Call Handling	50319816	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50319820	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50319827	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50319827	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50319828	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50319831	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50331049	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331055	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50331062	Team Supvr Call Handling
034070	CCA-Call Handling	50331066	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50331069	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331080	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331081	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50331087	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331981	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50331982	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50337323	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50338081	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50338086	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50338171	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50338176	CSR-3 Call Handling Rep

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034070	CCA-Call Handling	50339419	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50339421	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50339422	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50340201	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50340221	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50345812	Team Supvr Call Handling
034070	CCA-Call Handling	50349442	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50349618	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50349620	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50349622	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50349623	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50349654	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50349657	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50350552	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50350553	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365708	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365739	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365742	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365745	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365760	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365795	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365799	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365800	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365805	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365817	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366765	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366796	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50366867	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366871	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366881	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366899	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397030	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397041	Team Supvr Call Handling
034070	CCA-Call Handling	50397043	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397044	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397047	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397051	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397052	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397055	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397172	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397749	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397750	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397752	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397753	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50398066	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50398956	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50398958	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50399062	Team Supvr Call Handling
034070	CCA-Call Handling	50399063	CSR-1 Call Handling Rep

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034070	CCA-Call Handling	50399065	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50399065	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50399148	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405220	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405229	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405236	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405243	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405246	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405253	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405257	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405258	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405260	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405269	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405272	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405275	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405277	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405282	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50406934	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50406945	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411320	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411322	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411324	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411327	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411335	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411342	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411347	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411360	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411361	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411363	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411364	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411365	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411366	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411368	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411369	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411369	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50411370	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411372	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411376	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418787	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418810	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418811	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418814	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418815	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418898	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418902	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418905	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418910	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50419113	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438106	CSR-1 Call Handling Rep

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034070	CCA-Call Handling	50438108	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438113	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438114	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438115	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438117	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438119	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438120	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439217	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439220	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439221	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439222	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439223	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439230	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439245	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439250	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439271	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439272	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439279	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439317	CSR-1 Call Handling Rep
034071	CCA-Billing	3016351	CSR-2 Billing Specialist
034071	CCA-Billing	3016351	CSR-3 Billing Specialist
034071	CCA-Billing	3016445	CSR-3 Billing Specialist
034071	CCA-Billing	3016445	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016450	CSR-3 Billing Specialist
034071	CCA-Billing	3016454	CSR-3 Billing Specialist
034071	CCA-Billing	3016454	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016456	Team Supvr Billing
034071	CCA-Billing	3016498	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016509	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016514	CSR-2 Billing Specialist
034071	CCA-Billing	3016514	CSR-3 Billing Specialist
034071	CCA-Billing	3016520	CSR-3 Billing Specialist
034071	CCA-Billing	3016521	CSR-3 Billing Specialist
034071	CCA-Billing	3016525	CSR-4 Technical Coordinator
034071	CCA-Billing	3016656	CSR-2 Billing Specialist
034071	CCA-Billing	3016656	CSR-3 Billing Specialist
034071	CCA-Billing	3016666	Team Supvr Billing
034071	CCA-Billing	3016673	CSR-3 Billing Specialist
034071	CCA-Billing	3016673	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016674	Team Supvr Billing
034071	CCA-Billing	3016678	Mgr Billing & Collections
034071	CCA-Billing	3016680	CSR-3 Billing Specialist
034071	CCA-Billing	3016680	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016685	CSR-3 Billing Specialist
034071	CCA-Billing	3016852	CSR-2 Billing Specialist
034071	CCA-Billing	3016852	CSR-3 Billing Specialist
034071	CCA-Billing	3016859	CSR-3 Billing Specialist
034071	CCA-Billing	3016860	CSR-2 Billing Specialist
034071	CCA-Billing	3016860	CSR-3 Billing Specialist

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034071	CCA-Billing	3016861	CSR-3 Billing Specialist
034071	CCA-Billing	3016862	Specialist Performance (N)
034071	CCA-Billing	3016870	CSR-3 Billing Specialist
034071	CCA-Billing	3016875	CSR-3 Billing Specialist
034071	CCA-Billing	3016877	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016883	Supvr Billing Group
034071	CCA-Billing	3016929	CSR-3 Billing Specialist
034071	CCA-Billing	3016930	CSR-3 Billing Specialist
034071	CCA-Billing	3016931	CSR-3 Billing Specialist
034071	CCA-Billing	3017083	CSR-3 Billing Specialist
034071	CCA-Billing	3017085	CSR-3 Billing Specialist
034071	CCA-Billing	3017088	CSR-2 Billing Specialist
034071	CCA-Billing	3017088	CSR-3 Billing Specialist
034071	CCA-Billing	3017089	Team Supvr Billing
034071	CCA-Billing	3017092	CSR-3 Billing Specialist
034071	CCA-Billing	3017098	Team Supvr Billing
034071	CCA-Billing	3017173	CSR-3 Billing Specialist
034071	CCA-Billing	3017248	CSR-3 Billing Specialist
034071	CCA-Billing	3017317	CSR-3 Billing Specialist
034071	CCA-Billing	3017483	Team Supvr Billing
034071	CCA-Billing	3017500	CSR-2 Billing Specialist
034071	CCA-Billing	3017500	CSR-3 Billing Specialist
034071	CCA-Billing	3017501	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3017850	Specialist Performance (N)
034071	CCA-Billing	3017919	CSR-3 Billing Specialist
034071	CCA-Billing	3017920	Specialist Performance (N)
034071	CCA-Billing	3017921	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3017928	Specialist Performance (N)
034071	CCA-Billing	3017992	CSR-2 Billing Specialist
034071	CCA-Billing	3017992	CSR-3 Billing Specialist
034071	CCA-Billing	3017998	CSR-2 Billing Specialist
034071	CCA-Billing	3017998	CSR-3 Billing Specialist
034071	CCA-Billing	3018006	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3018007	CSR-3 Billing Specialist
034071	CCA-Billing	3018069	CSR-2 Billing Specialist
034071	CCA-Billing	3018069	CSR-3 Billing Specialist
034071	CCA-Billing	3018202	Team Supvr Billing
034071	CCA-Billing	9000405	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	9007798	CSR-4 Technical Coordinator
034071	CCA-Billing	9015913	CSR-2 Billing Specialist
034071	CCA-Billing	9015913	CSR-3 Billing Specialist
034071	CCA-Billing	50019719	CSR-2 Billing Specialist
034071	CCA-Billing	50019719	CSR-3 Billing Specialist
034071	CCA-Billing	50019724	CSR-3 Billing Specialist
034071	CCA-Billing	50019728	CSR-3 Billing Specialist
034071	CCA-Billing	50019730	CSR-3 Billing Specialist
034071	CCA-Billing	50021275	CSR-2 Billing Specialist
034071	CCA-Billing	50021275	CSR-3 Billing Specialist
034071	CCA-Billing	50025997	CSR-3 Billing Specialist

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034071	CCA-Billing	50026038	CSR-3 Billing Specialist
034071	CCA-Billing	50026050	CSR-3 Billing Specialist
034071	CCA-Billing	50026052	CSR-3 Billing Specialist
034071	CCA-Billing	50027566	CSR-3 Billing Specialist
034071	CCA-Billing	50027581	CSR-2 Billing Specialist
034071	CCA-Billing	50027581	CSR-3 Billing Specialist
034071	CCA-Billing	50027598	Supvr Billing Group
034071	CCA-Billing	50027600	CSR-2 Billing Specialist
034071	CCA-Billing	50027600	CSR-3 Billing Specialist
034071	CCA-Billing	50027601	CSR-2 Billing Specialist
034071	CCA-Billing	50027601	CSR-3 Billing Specialist
034071	CCA-Billing	50027601	CSR-3 Call Handling Rep
034071	CCA-Billing	50027607	CSR-2 Billing Specialist
034071	CCA-Billing	50027607	CSR-3 Billing Specialist
034071	CCA-Billing	50042202	CSR-3 Billing Specialist
034071	CCA-Billing	50043568	CSR-3 Billing Specialist
034071	CCA-Billing	50043646	CSR-3 Billing Specialist
034071	CCA-Billing	50043733	CSR-2 Billing Specialist
034071	CCA-Billing	50043733	CSR-3 Billing Specialist
034071	CCA-Billing	50045486	CSR-2 Billing Specialist
034071	CCA-Billing	50045486	CSR-3 Billing Specialist
034071	CCA-Billing	50045514	CSR-3 Billing Specialist
034071	CCA-Billing	50047670	CSR-2 Billing Specialist
034071	CCA-Billing	50047670	CSR-3 Billing Specialist
034071	CCA-Billing	50048833	CSR-2 Billing Specialist
034071	CCA-Billing	50048833	CSR-3 Billing Specialist
034071	CCA-Billing	50053128	CSR-2 Billing Specialist
034071	CCA-Billing	50053128	CSR-3 Billing Specialist
034071	CCA-Billing	50054125	CSR-3 Billing Specialist
034071	CCA-Billing	50054135	CSR-2 Billing Specialist
034071	CCA-Billing	50054135	CSR-3 Billing Specialist
034071	CCA-Billing	50054157	CSR-3 Billing Specialist
034071	CCA-Billing	50054159	Specialist Performance (N)
034071	CCA-Billing	50057171	CSR-2 Billing Specialist
034071	CCA-Billing	50057171	CSR-3 Billing Specialist
034071	CCA-Billing	50057254	CSR-2 Billing Specialist
034071	CCA-Billing	50057254	CSR-3 Billing Specialist
034071	CCA-Billing	50066678	CSR-2 Billing Specialist
034071	CCA-Billing	50066678	CSR-3 Billing Specialist
034071	CCA-Billing	50074203	CSR-2 Billing Specialist
034071	CCA-Billing	50074203	CSR-3 Billing Specialist
034071	CCA-Billing	50075088	CSR-2 Billing Specialist
034071	CCA-Billing	50075088	CSR-3 Billing Specialist
034071	CCA-Billing	50077092	Specialist Performance (N)
034071	CCA-Billing	50077094	CSR-2 Billing Specialist
034071	CCA-Billing	50077094	CSR-3 Billing Specialist
034071	CCA-Billing	50081043	CSR-3 Billing Specialist
034071	CCA-Billing	50081138	CSR-3 Billing Specialist
034071	CCA-Billing	50087129	CSR-3 Billing Specialist

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034071	CCA-Billing	50087138	CSR-2 Billing Specialist
034071	CCA-Billing	50087138	CSR-3 Billing Specialist
034071	CCA-Billing	50090868	CSR-3 Collections Rep
034071	CCA-Billing	50090873	CSR-2 Billing Specialist
034071	CCA-Billing	50090873	CSR-3 Billing Specialist
034071	CCA-Billing	50093441	CSR-2 Billing Specialist
034071	CCA-Billing	50093441	CSR-3 Billing Specialist
034071	CCA-Billing	50096928	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	50098140	CSR-3 Billing Specialist
034071	CCA-Billing	50098239	CSR-2 Billing Specialist
034071	CCA-Billing	50098239	CSR-3 Billing Specialist
034071	CCA-Billing	50099168	CSR-2 Billing Specialist
034071	CCA-Billing	50099168	CSR-3 Billing Specialist
034071	CCA-Billing	50099169	CSR-2 Billing Specialist
034071	CCA-Billing	50099169	CSR-3 Billing Specialist
034071	CCA-Billing	50099175	CSR-2 Billing Specialist
034071	CCA-Billing	50099175	CSR-3 Billing Specialist
034071	CCA-Billing	50099250	CSR-2 Billing Specialist
034071	CCA-Billing	50099250	CSR-3 Billing Specialist
034071	CCA-Billing	50101335	CSR-3 Billing Specialist
034071	CCA-Billing	50102794	CSR-3 Billing Specialist
034071	CCA-Billing	50104088	CSR-2 Billing Specialist
034071	CCA-Billing	50104088	CSR-3 Billing Specialist
034071	CCA-Billing	50105755	CSR-2 Billing Specialist
034071	CCA-Billing	50105755	CSR-3 Billing Specialist
034071	CCA-Billing	50110679	CSR-2 Billing Specialist
034071	CCA-Billing	50110679	CSR-3 Billing Specialist
034071	CCA-Billing	50110680	CSR-3 Billing Specialist
034071	CCA-Billing	50110680	Specialist Performance (N)
034071	CCA-Billing	50110714	CSR-3 Billing Specialist
034071	CCA-Billing	50110726	CSR-2 Billing Specialist
034071	CCA-Billing	50110726	CSR-3 Billing Specialist
034071	CCA-Billing	50113865	Team Supvr Billing
034071	CCA-Billing	50122296	CSR-2 Billing Specialist
034071	CCA-Billing	50122296	CSR-3 Billing Specialist
034071	CCA-Billing	50125879	CSR-2 Billing Specialist
034071	CCA-Billing	50125879	CSR-3 Billing Specialist
034071	CCA-Billing	50125879	CSR-3 Call Handling Rep
034071	CCA-Billing	50126647	CSR-2 Billing Specialist
034071	CCA-Billing	50126647	CSR-3 Billing Specialist
034071	CCA-Billing	50126648	CSR-2 Billing Specialist
034071	CCA-Billing	50126648	CSR-3 Billing Specialist
034071	CCA-Billing	50130525	CSR-2 Billing Specialist
034071	CCA-Billing	50130525	CSR-3 Billing Specialist
034071	CCA-Billing	50130525	CSR-3 Call Handling Rep
034071	CCA-Billing	50130561	CSR-2 Billing Specialist
034071	CCA-Billing	50130561	CSR-3 Billing Specialist
034071	CCA-Billing	50130562	CSR-3 Billing Specialist
034071	CCA-Billing	50137060	CSR-2 Billing Specialist

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034071	CCA-Billing	50137060	CSR-3 Billing Specialist
034071	CCA-Billing	50147438	CSR-2 Billing Specialist
034071	CCA-Billing	50147438	CSR-3 Billing Specialist
034071	CCA-Billing	50187298	CSR-2 Billing Specialist
034071	CCA-Billing	50187298	CSR-3 Billing Specialist
034071	CCA-Billing	50192487	CSR-2 Billing Specialist
034071	CCA-Billing	50192487	CSR-3 Billing Specialist
034071	CCA-Billing	50251098	CSR-2 Billing Specialist
034071	CCA-Billing	50251098	CSR-3 Billing Specialist
034071	CCA-Billing	50251218	CSR-3 Billing Specialist
034071	CCA-Billing	50251232	CSR-2 Billing Specialist
034071	CCA-Billing	50251232	CSR-3 Billing Specialist
034071	CCA-Billing	50277582	CSR-2 Billing Specialist
034071	CCA-Billing	50277582	CSR-3 Billing Specialist
034071	CCA-Billing	50287892	CSR-2 Billing Specialist
034071	CCA-Billing	50287892	CSR-3 Billing Specialist
034071	CCA-Billing	50287902	CSR-3 Billing Specialist
034071	CCA-Billing	50297724	CSR-2 Billing Specialist
034071	CCA-Billing	50297724	CSR-3 Billing Specialist
034071	CCA-Billing	50297742	CSR-2 Billing Specialist
034071	CCA-Billing	50297742	CSR-3 Billing Specialist
034071	CCA-Billing	50418999	Team Supvr Billing
034072	CCA-Collections	3016239	Collection Liaison
034072	CCA-Collections	3016447	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	3016668	CSR-3 Collections Rep
034072	CCA-Collections	3016775	CSR-1 Collections Rep.
034072	CCA-Collections	3016775	CSR-2 Collections Rep
034072	CCA-Collections	3016776	CSR-1 Call Handling Rep
034072	CCA-Collections	3016776	CSR-3 Call Handling Rep
034072	CCA-Collections	3016776	CSR-3 Collections Rep
034072	CCA-Collections	3016864	CSR-3 Collections Rep
034072	CCA-Collections	3016922	CSR-3 Collections Rep
034072	CCA-Collections	3017081	CSR-3 Collections Rep
034072	CCA-Collections	3017165	Team Supvr Collections
034072	CCA-Collections	3017245	Specialist Performance (N)
034072	CCA-Collections	3017489	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	3017854	Specialist Performance (N)
034072	CCA-Collections	3017995	CSR-1 Collections Rep.
034072	CCA-Collections	3017995	CSR-2 Collections Rep
034072	CCA-Collections	9015798	CSR-1 Collections Rep.
034072	CCA-Collections	9015798	CSR-2 Collections Rep
034072	CCA-Collections	17002622	Specialist Performance (N)
034072	CCA-Collections	50015219	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	50019729	CSR-3 Collections Rep
034072	CCA-Collections	50021279	CSR-3 Collections Rep
034072	CCA-Collections	50025544	CSR-3 Collections Rep
034072	CCA-Collections	50026056	Team Supvr Collections
034072	CCA-Collections	50033303	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	50037458	CSR-3 Collections Rep

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034072	CCA-Collections	50039566	CSR-3 Collections Rep
034072	CCA-Collections	50043241	CSR-1 Collections Rep.
034072	CCA-Collections	50043241	CSR-3 Collections Rep
034072	CCA-Collections	50043538	Collection Liaison
034072	CCA-Collections	50043621	CSR-3 Collections Rep
034072	CCA-Collections	50043733	CSR-1 Collections Rep.
034072	CCA-Collections	50054113	CSR-3 Collections Rep
034072	CCA-Collections	50054125	CSR-3 Collections Rep
034072	CCA-Collections	50058246	CSR-3 Collections Rep
034072	CCA-Collections	50058246	CSR-4 Technical Coordinator
034072	CCA-Collections	50090855	CSR-3 Collections Rep
034072	CCA-Collections	50090868	CSR-3 Collections Rep
034072	CCA-Collections	50098237	CSR-3 Collections Rep
034072	CCA-Collections	50108020	CSR-3 Collections Rep
034072	CCA-Collections	50113919	CSR-1 Collections Rep.
034072	CCA-Collections	50113919	CSR-2 Collections Rep
034072	CCA-Collections	50125810	Mgr Collections
034072	CCA-Collections	50235185	CSR-3 Collections Rep
034072	CCA-Collections	50251095	CSR-3 Collections Rep
034072	CCA-Collections	50251099	CSR-1 Collections Rep.
034072	CCA-Collections	50251099	CSR-2 Collections Rep
034072	CCA-Collections	50277581	CSR-1 Collections Rep.
034072	CCA-Collections	50277581	CSR-3 Collections Rep
034072	CCA-Collections	50287900	CSR-1 Collections Rep.
034072	CCA-Collections	50287900	CSR-2 Collections Rep
034072	CCA-Collections	50349619	CSR-3 Collections Rep
034073	CCA-Operations & Performance	3016378	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	3016460	Sr Analyst Financial
034073	CCA-Operations & Performance	3016788	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	3016866	Sr Analyst Financial
034073	CCA-Operations & Performance	3017169	Intmd Financial Analyst
034073	CCA-Operations & Performance	3017474	Maint Tech (N)
034073	CCA-Operations & Performance	3018180	Specialist Opns & Perf Rptg(N)
034073	CCA-Operations & Performance	50026042	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50048770	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50085725	Mgr Building Services
034073	CCA-Operations & Performance	50104098	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50113909	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50224685	Mgr CSC Opns & Performance
034073	CCA-Operations & Performance	50248653	Mgr Operations & Performance
034074	CCA-Business Services	3000129	Specialist Water Quality
034074	CCA-Business Services	3016239	Specialist Business Svcs
034074	CCA-Business Services	3016241	Specialist Business Svcs
034074	CCA-Business Services	3017079	Specialist Performance (N)
034074	CCA-Business Services	3017079	Supvr Business Services CSC
034074	CCA-Business Services	3017162	Specialist Business Svcs
034074	CCA-Business Services	3017162	Sr Specialist Business Svcs
034074	CCA-Business Services	9000082	Specialist Performance (N)
034074	CCA-Business Services	9000266	Specialist Performance (N)

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034074	CCA-Business Services	9015384	Analyst Business
034074	CCA-Business Services	22004830	Mgr Business Services
034074	CCA-Business Services	24006612	Sr Specialist Business Svcs
034074	CCA-Business Services	50021281	Specialist Escalation CSC (N)
034074	CCA-Business Services	50026042	Specialist Escalation CSC (N)
034074	CCA-Business Services	50087119	Specialist Escalation CSC (N)
034074	CCA-Business Services	50109267	Specialist Escalation CSC (N)
034074	CCA-Business Services	50122433	Specialist Business Svcs
034074	CCA-Business Services	50122457	Specialist Escalation CSC (N)
034074	CCA-Business Services	50198892	Specialist Business Svcs
034075	CCA-Education & Development	3016238	Specialist Performance (N)
034075	CCA-Education & Development	3016243	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	3016350	Specialist Performance (N)
034075	CCA-Education & Development	3016523	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	3016666	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	3016667	Analyst QA (N)
034075	CCA-Education & Development	3016671	Analyst QA (N)
034075	CCA-Education & Development	3016671	Specialist Performance (N)
034075	CCA-Education & Development	3016687	Specialist Performance (N)
034075	CCA-Education & Development	3017735	Mgr Process
034075	CCA-Education & Development	3018070	Analyst QA (N)
034075	CCA-Education & Development	17009339	Specialist Performance (N)
034075	CCA-Education & Development	50015291	Mgr Educ Dev & Quality
034075	CCA-Education & Development	50027572	Analyst QA (N)
034075	CCA-Education & Development	50047677	Analyst QA (N)
034075	CCA-Education & Development	50083351	Analyst QA (N)
034075	CCA-Education & Development	50122292	Training Asst (N)
034075	CCA-Education & Development	50145188	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	50202870	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	50202870	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	50235170	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	50319820	Analyst QA (N)
034075	CCA-Education & Development	50418787	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418810	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418811	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418814	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418815	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418898	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418899	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418900	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418902	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418903	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418905	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418906	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418910	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50418938	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50419110	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50419112	CSR-1 Call Handling Rep
034075	CCA-Education & Development	50419113	CSR-1 Call Handling Rep

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034075	CCA-Education & Development	50419114	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50105941	Analyst Traffic & Scheduling
037070	CCP-Call Handling	50105941	Team Supvr Call Handling
037070	CCP-Call Handling	50181340	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181341	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50181342	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181343	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50181344	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181598	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181794	Analyst Traffic & Scheduling
037070	CCP-Call Handling	50181794	Team Supvr Call Handling
037070	CCP-Call Handling	50181795	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181798	Team Supvr Call Handling
037070	CCP-Call Handling	50181800	Team Supvr Call Handling
037070	CCP-Call Handling	50188822	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50188829	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50188840	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50188937	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50188945	Team Supvr Call Handling
037070	CCP-Call Handling	50190167	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50190205	Team Supvr Call Handling
037070	CCP-Call Handling	50193708	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193711	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193713	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193714	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193717	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193722	Team Supvr Call Handling
037070	CCP-Call Handling	50193724	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50193728	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50194876	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50194878	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50194924	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50195337	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198895	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198898	Team Supvr Call Handling
037070	CCP-Call Handling	50198931	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198932	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198934	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198935	Supvr Call Handling Group
037070	CCP-Call Handling	50198935	Team Supvr Call Handling
037070	CCP-Call Handling	50198939	CSR-4 Coach
037070	CCP-Call Handling	50198939	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50198940	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198948	Team Supvr Call Handling
037070	CCP-Call Handling	50198949	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198951	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198951	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50198952	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198953	CSR-1 Call Handling Rep

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037070	CCP-Call Handling	50198954	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198955	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198958	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198958	Team Supvr Call Handling
037070	CCP-Call Handling	50198960	Team Supvr Call Handling
037070	CCP-Call Handling	50198961	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198962	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198963	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198987	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198987	Team Supvr Call Handling
037070	CCP-Call Handling	50198991	Supvr Call Handling Group
037070	CCP-Call Handling	50198998	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50199001	Team Supvr Call Handling
037070	CCP-Call Handling	50210429	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210463	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50210464	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210465	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210479	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210535	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210544	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210562	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50210569	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210572	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210573	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210585	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210589	Supvr Call Handling Group
037070	CCP-Call Handling	50212276	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50212276	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50212326	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50212327	Team Supvr Call Handling
037070	CCP-Call Handling	50212330	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50212335	Team Supvr Call Handling
037070	CCP-Call Handling	50212417	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214915	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214919	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214928	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214932	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214934	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217612	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217632	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217638	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217646	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50217661	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50233843	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50233843	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50234996	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50234998	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50234999	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50235006	CSR-1 Call Handling Rep

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037070	CCP-Call Handling	50235099	Team Supvr Call Handling
037070	CCP-Call Handling	50240657	Mgr Call Handling
037070	CCP-Call Handling	50240681	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50240684	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50240688	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50240693	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50240697	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249148	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249150	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249151	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249152	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50249949	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249965	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249967	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249970	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249971	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50250239	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50251221	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50275443	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275447	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275454	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275456	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275459	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275459	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50275464	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275469	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276499	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276523	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276526	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276529	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50277448	Team Supvr Call Handling
037070	CCP-Call Handling	50282850	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50282853	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50283036	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50283998	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284009	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284018	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284062	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284062	Supvr Floor (N)
037070	CCP-Call Handling	50284064	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284071	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284081	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50284085	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284085	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50284086	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50284124	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284177	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287980	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287987	CSR-1 Call Handling Rep

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Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50287989	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50287990	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287996	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50289260	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50289377	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50289381	Team Supvr Call Handling
037070	CCP-Call Handling	50289477	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50289478	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50289525	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295456	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50295466	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295495	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295499	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295500	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295500	Supvr Floor (N)
037070	CCP-Call Handling	50295506	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50296468	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50296585	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50296619	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50296636	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50303482	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50303492	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50304310	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50304324	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50304325	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310024	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310029	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310030	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310037	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310038	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310063	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310098	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50310116	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50314488	Team Supvr Call Handling
037070	CCP-Call Handling	50320557	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320571	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320571	Team Supvr Call Handling
037070	CCP-Call Handling	50320577	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320577	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320654	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320656	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320693	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320710	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320712	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320715	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320716	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320720	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320730	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50345372	CSR-3 Call Handling Rep

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Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50345374	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345377	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345380	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345385	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345386	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349598	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349601	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349604	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349605	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50349610	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349611	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50349612	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50349613	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349613	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50349616	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349628	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349630	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349630	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50355308	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355315	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355345	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355350	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355357	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50355357	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355359	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50367873	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367882	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367883	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367884	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367885	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367909	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367916	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367920	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367928	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367929	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367942	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367942	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50367950	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376835	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376844	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376854	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376857	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376858	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376867	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376876	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376886	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376886	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50376896	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376901	CSR-1 Call Handling Rep

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037070	CCP-Call Handling	50376903	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376903	Team Supvr Call Handling
037070	CCP-Call Handling	50389385	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389389	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389389	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389390	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389395	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389398	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389400	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389400	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389401	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389401	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389402	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389403	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389403	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389404	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389406	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389407	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389411	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389411	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389440	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50391777	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50391777	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50409442	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409444	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409449	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409454	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409455	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409456	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409460	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409462	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409462	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50409462	Team Supvr Call Handling
037070	CCP-Call Handling	50409464	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409465	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409466	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409467	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409471	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409471	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50409482	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409484	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409485	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409490	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409491	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409492	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409493	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409493	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50409506	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409506	CSR-3 Call Handling Rep

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Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50411415	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411421	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411426	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50411429	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411430	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50411431	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411448	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411450	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50411451	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50418994	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419041	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419042	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50419050	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419055	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419062	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419066	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50419069	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419070	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50419071	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419072	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419073	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419074	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419078	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419081	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50419083	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419084	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419085	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419087	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50423528	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423531	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423536	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423540	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423548	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423551	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423553	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423554	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423555	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423556	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423557	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423559	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423560	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423561	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423564	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423568	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425957	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425958	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425959	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425960	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425961	CSR-1 Call Handling Rep

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Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50425962	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425963	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425964	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425965	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425966	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425967	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425968	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425969	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425971	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425974	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425975	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425976	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425978	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425979	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425980	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425981	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425982	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425983	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425986	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428295	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428297	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428300	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428303	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428304	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428305	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428308	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428310	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428313	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428317	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428320	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428325	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428326	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428327	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428328	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428329	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428331	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428335	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428337	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428339	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428340	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428343	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428344	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428351	CSR-1 Call Handling Rep
037073	CCP-Operations and Support	50105941	Analyst Traffic & Scheduling
037073	CCP-Operations and Support	50181794	Analyst Traffic & Scheduling
037073	CCP-Operations and Support	50188942	Analyst Traffic & Scheduling
037073	CCP-Operations and Support	50284189	Maint Tech (N)
037073	CCP-Operations and Support	50409462	Team Supvr Call Handling
037075	CCP-Education & Development	50176161	Spec Educ & Staff Dev (N)

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Home BU	Home Business Unit	Employee #	Job Title
037075	CCP-Education & Development	50176161	Sr Spec Educ & Staff Dev
037075	CCP-Education & Development	50184754	Spec Educ & Staff Dev (N)
037075	CCP-Education & Development	50184754	Sr Spec Educ & Staff Dev
037075	CCP-Education & Development	50187268	Training Asst (N)
037075	CCP-Education & Development	50193712	Analyst QA (N)
037075	CCP-Education & Development	50193730	Analyst QA (N)
037075	CCP-Education & Development	50198894	Analyst QA (N)
037075	CCP-Education & Development	50198913	Analyst QA (N)

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Home BU	Home Business Unit	Employee #	Job Title
034005	CCA-Administration	3000197	Sr Specialist Business Svcs
034005	CCA-Administration	3018180	Specialist Opns & Perf Rptg(N)
034005	CCA-Administration	9015384	Sr Specialist Business Svcs
034005	CCA-Administration	24007543	Mgr O&M
034005	CCA-Administration	50137045	Receptionist (N)
034005	CCA-Administration	50305022	Mgr Process Design ITS
034005	CCA-Administration	50305022	VP Customer Svc
034070	CCA-Call Handling	3016448	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016448	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	3016771	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3016776	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016791	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3016856	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016858	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016869	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3016926	CSR-2 Call Handling Rep
034070	CCA-Call Handling	3017086	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017266	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017490	Mgr Call Handling
034070	CCA-Call Handling	3017498	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3017587	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017589	Team Supvr Call Handling
034070	CCA-Call Handling	3017868	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	3017916	CSR-3 Time Critical Rep
034070	CCA-Call Handling	3017927	Team Supvr Call Handling
034070	CCA-Call Handling	3017930	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3017945	CSR-3 Call Handling Rep
034070	CCA-Call Handling	3017987	Supvr Floor (N)
034070	CCA-Call Handling	3017993	CSR-4 Customer Service Spec
034070	CCA-Call Handling	3018005	Specialist Performance (N)
034070	CCA-Call Handling	3018008	CSR-3 Call Handling Rep
034070	CCA-Call Handling	9000304	CSR-3 Call Handling Rep
034070	CCA-Call Handling	9015917	CSR-4 Customer Service Spec
034070	CCA-Call Handling	17002636	Team Supvr Call Handling
034070	CCA-Call Handling	17007105	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50019698	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50019701	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50019724	Analyst QA (N)
034070	CCA-Call Handling	50019732	Team Supvr Call Handling
034070	CCA-Call Handling	50021276	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50025540	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50027582	Supvr Call Handling Group
034070	CCA-Call Handling	50027582	Team Supvr Call Handling
034070	CCA-Call Handling	50029314	Team Supvr Call Handling
034070	CCA-Call Handling	50037332	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50038982	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50038982	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50039568	Team Supvr Call Handling
034070	CCA-Call Handling	50043493	Specialist Performance (N)

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Home BU	Home Business Unit	Employee #	Job Title
034070	CCA-Call Handling	50047652	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50047677	Team Supvr Call Handling
034070	CCA-Call Handling	50048842	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50050705	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50053132	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50053150	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50054027	Team Supvr Call Handling
034070	CCA-Call Handling	50054136	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50057144	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50058267	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50066677	Team Supvr Call Handling
034070	CCA-Call Handling	50066681	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50066681	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50069140	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50071066	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50074994	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50077116	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50081209	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50083286	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50083360	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50087133	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50090843	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50090855	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50096900	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50096921	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50098114	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50098114	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50098137	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50098166	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50099170	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50099172	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50099225	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50099253	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50100190	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50101308	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50102796	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50103204	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50110729	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50113938	Specialist Performance (N)
034070	CCA-Call Handling	50114004	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50122342	Team Supvr Call Handling
034070	CCA-Call Handling	50122437	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50122437	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50122438	Team Supvr Call Handling
034070	CCA-Call Handling	50125811	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50125811	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50126003	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50126015	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50126015	CSR-3 Speciality Desk Rep

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034070	CCA-Call Handling	50126349	Team Supvr Call Handling
034070	CCA-Call Handling	50126639	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50126639	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50130542	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50130558	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50130559	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50130784	CSR-4 Time Critical Tech Coord
034070	CCA-Call Handling	50130786	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50185975	Supvr Floor (N)
034070	CCA-Call Handling	50192441	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50192456	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192469	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192484	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192488	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50192507	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50192507	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50199001	Supvr Call Handling Group
034070	CCA-Call Handling	50233830	Specialist Performance (N)
034070	CCA-Call Handling	50235090	Supvr Floor (N)
034070	CCA-Call Handling	50235096	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50235172	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50235174	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50235184	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50235185	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50250300	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50251174	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50258567	Mgr Call Handling
034070	CCA-Call Handling	50277570	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50277577	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50277580	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50277681	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50279015	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50287886	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50287886	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50287901	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50287902	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50287902	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50297725	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50297726	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50297739	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50311177	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50311188	CSR-4 Customer Service Spec
034070	CCA-Call Handling	50319784	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50319784	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50319790	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50319810	Team Supvr Call Handling
034070	CCA-Call Handling	50319816	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50319827	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50319828	CSR-3 Time Critical Rep

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034070	CCA-Call Handling	50319831	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50331055	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50331062	Team Supvr Call Handling
034070	CCA-Call Handling	50331066	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50331069	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331069	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50331080	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331080	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50331081	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50331081	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50331087	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331087	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50331981	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50331981	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50331982	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50331982	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50337323	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50338081	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50338081	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50338086	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50338171	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50338176	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50338176	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50339421	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50339421	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50340221	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50345812	Team Supvr Call Handling
034070	CCA-Call Handling	50349442	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50349442	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50349620	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50349623	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50349654	CSR-3 Time Critical Rep
034070	CCA-Call Handling	50349657	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50349657	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50350552	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50350552	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50350553	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365708	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365745	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365745	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50365760	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365760	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50365795	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365795	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50365799	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50365799	CSR-2 Call Handling Rep
034070	CCA-Call Handling	50365800	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50365800	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50365805	CSR-3 Call Handling Rep

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034070	CCA-Call Handling	50365805	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50365817	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366765	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366796	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50366796	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50366867	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50366899	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397041	Team Supvr Call Handling
034070	CCA-Call Handling	50397043	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397047	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397051	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50397051	Team Supvr Call Handling
034070	CCA-Call Handling	50397750	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50398066	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50399062	Team Supvr Call Handling
034070	CCA-Call Handling	50399065	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50399065	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50405236	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405258	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405260	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50405277	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411320	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411322	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411324	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411347	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411368	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50411369	CSR-3 Call Handling Rep
034070	CCA-Call Handling	50411376	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418787	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418810	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418811	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418814	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418815	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418898	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418902	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418905	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418910	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50418910	CSR-3 Speciality Desk Rep
034070	CCA-Call Handling	50419113	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438106	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438113	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438115	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438117	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438119	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50438120	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439217	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439221	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439222	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439223	CSR-1 Call Handling Rep

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034070	CCA-Call Handling	50439230	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439245	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439250	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439271	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439272	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439279	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50439317	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476598	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476599	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476667	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476668	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476669	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476670	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476671	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476674	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476675	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50476676	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50477712	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50477714	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50496506	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50496508	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50496514	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50496515	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50496517	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50497458	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500780	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500781	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500782	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500783	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500784	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500785	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500786	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500787	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500788	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500789	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500791	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500792	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500793	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500795	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500796	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500797	CSR-1 Call Handling Rep
034070	CCA-Call Handling	50500798	CSR-1 Call Handling Rep
034071	CCA-Billing	3016351	CSR-2 Billing Specialist
034071	CCA-Billing	3016351	CSR-3 Billing Specialist
034071	CCA-Billing	3016445	CSR-4 Billing Tech Coord
034071	CCA-Billing	3016445	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016450	CSR-3 Billing Specialist
034071	CCA-Billing	3016454	CSR-4 Billing Tech Coord
034071	CCA-Billing	3016454	CSR-4 Time Critical Tech Coord

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034071	CCA-Billing	3016456	Team Supvr Billing
034071	CCA-Billing	3016498	CSR-4 Billing Tech Coord
034071	CCA-Billing	3016498	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016509	CSR-4 Billing Tech Coord
034071	CCA-Billing	3016509	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016514	CSR-2 Billing Specialist
034071	CCA-Billing	3016520	CSR-3 Billing Specialist
034071	CCA-Billing	3016521	CSR-3 Billing Specialist
034071	CCA-Billing	3016656	CSR-2 Billing Specialist
034071	CCA-Billing	3016673	CSR-4 Billing Tech Coord
034071	CCA-Billing	3016673	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016674	Team Supvr Billing
034071	CCA-Billing	3016678	Mgr Billing & Collections
034071	CCA-Billing	3016680	CSR-4 Billing Tech Coord
034071	CCA-Billing	3016680	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3016685	CSR-3 Billing Specialist
034071	CCA-Billing	3016852	CSR-2 Billing Specialist
034071	CCA-Billing	3016852	CSR-3 Billing Specialist
034071	CCA-Billing	3016859	CSR-3 Billing Specialist
034071	CCA-Billing	3016860	CSR-2 Billing Specialist
034071	CCA-Billing	3016860	CSR-3 Billing Specialist
034071	CCA-Billing	3016861	CSR-3 Billing Specialist
034071	CCA-Billing	3016862	Specialist Performance (N)
034071	CCA-Billing	3016870	CSR-3 Billing Specialist
034071	CCA-Billing	3016875	CSR-3 Billing Specialist
034071	CCA-Billing	3016883	Supvr Billing Group
034071	CCA-Billing	3016929	CSR-3 Billing Specialist
034071	CCA-Billing	3016930	CSR-3 Billing Specialist
034071	CCA-Billing	3016931	CSR-3 Billing Specialist
034071	CCA-Billing	3017083	CSR-3 Billing Specialist
034071	CCA-Billing	3017085	CSR-3 Billing Specialist
034071	CCA-Billing	3017088	CSR-2 Billing Specialist
034071	CCA-Billing	3017089	Team Supvr Billing
034071	CCA-Billing	3017092	CSR-3 Billing Specialist
034071	CCA-Billing	3017098	Team Supvr Billing
034071	CCA-Billing	3017173	CSR-3 Billing Specialist
034071	CCA-Billing	3017248	CSR-3 Billing Specialist
034071	CCA-Billing	3017483	Team Supvr Billing
034071	CCA-Billing	3017500	CSR-2 Billing Specialist
034071	CCA-Billing	3017501	CSR-4 Billing Tech Coord
034071	CCA-Billing	3017501	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3017850	Specialist Performance (N)
034071	CCA-Billing	3017919	CSR-3 Billing Specialist
034071	CCA-Billing	3017920	Specialist Performance (N)
034071	CCA-Billing	3017921	CSR-4 Billing Tech Coord
034071	CCA-Billing	3017921	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3017928	Specialist Performance (N)
034071	CCA-Billing	3017992	CSR-2 Billing Specialist
034071	CCA-Billing	3017998	CSR-2 Billing Specialist

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034071	CCA-Billing	3018006	CSR-4 Billing Tech Coord
034071	CCA-Billing	3018006	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	3018007	CSR-3 Billing Specialist
034071	CCA-Billing	3018069	CSR-2 Billing Specialist
034071	CCA-Billing	3018069	CSR-3 Billing Specialist
034071	CCA-Billing	3018202	Team Supvr Billing
034071	CCA-Billing	9000082	Specialist Performance (N)
034071	CCA-Billing	9000266	Specialist Performance (N)
034071	CCA-Billing	9000405	CSR-4 Billing Tech Coord
034071	CCA-Billing	9000405	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	9007798	CSR-4 Billing Tech Coord
034071	CCA-Billing	9007798	CSR-4 Technical Coordinator
034071	CCA-Billing	9015913	CSR-2 Billing Specialist
034071	CCA-Billing	9015913	CSR-3 Billing Specialist
034071	CCA-Billing	50019719	CSR-2 Billing Specialist
034071	CCA-Billing	50019719	CSR-3 Billing Specialist
034071	CCA-Billing	50019728	CSR-3 Billing Specialist
034071	CCA-Billing	50019730	CSR-3 Billing Specialist
034071	CCA-Billing	50019732	Team Supvr Billing
034071	CCA-Billing	50021275	CSR-2 Billing Specialist
034071	CCA-Billing	50021275	CSR-3 Billing Specialist
034071	CCA-Billing	50025997	CSR-3 Billing Specialist
034071	CCA-Billing	50026038	CSR-3 Billing Specialist
034071	CCA-Billing	50026050	CSR-3 Billing Specialist
034071	CCA-Billing	50026052	CSR-3 Billing Specialist
034071	CCA-Billing	50027566	CSR-3 Billing Specialist
034071	CCA-Billing	50027581	CSR-3 Billing Specialist
034071	CCA-Billing	50027598	Supvr Billing Group
034071	CCA-Billing	50027600	CSR-2 Billing Specialist
034071	CCA-Billing	50027600	CSR-3 Billing Specialist
034071	CCA-Billing	50027601	CSR-2 Billing Specialist
034071	CCA-Billing	50027607	CSR-2 Billing Specialist
034071	CCA-Billing	50027607	CSR-3 Billing Specialist
034071	CCA-Billing	50042202	CSR-3 Billing Specialist
034071	CCA-Billing	50043568	CSR-3 Billing Specialist
034071	CCA-Billing	50043646	CSR-3 Billing Specialist
034071	CCA-Billing	50043733	CSR-2 Billing Specialist
034071	CCA-Billing	50045486	CSR-2 Billing Specialist
034071	CCA-Billing	50045514	CSR-3 Billing Specialist
034071	CCA-Billing	50047670	CSR-2 Billing Specialist
034071	CCA-Billing	50047670	CSR-3 Billing Specialist
034071	CCA-Billing	50048833	CSR-2 Billing Specialist
034071	CCA-Billing	50048833	CSR-3 Billing Specialist
034071	CCA-Billing	50053128	CSR-2 Billing Specialist
034071	CCA-Billing	50054135	CSR-2 Billing Specialist
034071	CCA-Billing	50054157	CSR-3 Billing Specialist
034071	CCA-Billing	50054159	Specialist Performance (N)
034071	CCA-Billing	50054159	Team Supvr Billing
034071	CCA-Billing	50057171	CSR-2 Billing Specialist

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034071	CCA-Billing	50057254	CSR-2 Billing Specialist
034071	CCA-Billing	50066678	CSR-2 Billing Specialist
034071	CCA-Billing	50074203	CSR-2 Billing Specialist
034071	CCA-Billing	50075088	CSR-2 Billing Specialist
034071	CCA-Billing	50077092	Specialist Performance (N)
034071	CCA-Billing	50077094	CSR-2 Billing Specialist
034071	CCA-Billing	50081043	CSR-3 Billing Specialist
034071	CCA-Billing	50081138	CSR-3 Billing Specialist
034071	CCA-Billing	50087129	CSR-3 Billing Specialist
034071	CCA-Billing	50087138	CSR-2 Billing Specialist
034071	CCA-Billing	50090873	CSR-2 Billing Specialist
034071	CCA-Billing	50093441	CSR-2 Billing Specialist
034071	CCA-Billing	50096928	CSR-4 Billing Tech Coord
034071	CCA-Billing	50096928	CSR-4 Time Critical Tech Coord
034071	CCA-Billing	50098140	CSR-3 Billing Specialist
034071	CCA-Billing	50098239	CSR-2 Billing Specialist
034071	CCA-Billing	50099168	CSR-2 Billing Specialist
034071	CCA-Billing	50099169	CSR-2 Billing Specialist
034071	CCA-Billing	50099175	CSR-2 Billing Specialist
034071	CCA-Billing	50099250	CSR-2 Billing Specialist
034071	CCA-Billing	50101335	CSR-3 Billing Specialist
034071	CCA-Billing	50102794	CSR-3 Billing Specialist
034071	CCA-Billing	50104088	CSR-2 Billing Specialist
034071	CCA-Billing	50105755	CSR-2 Billing Specialist
034071	CCA-Billing	50110679	CSR-2 Billing Specialist
034071	CCA-Billing	50110680	Specialist Performance (N)
034071	CCA-Billing	50110714	CSR-3 Billing Specialist
034071	CCA-Billing	50110726	CSR-2 Billing Specialist
034071	CCA-Billing	50113865	Team Supvr Billing
034071	CCA-Billing	50122296	CSR-2 Billing Specialist
034071	CCA-Billing	50125879	CSR-2 Billing Specialist
034071	CCA-Billing	50126647	CSR-2 Billing Specialist
034071	CCA-Billing	50126648	CSR-2 Billing Specialist
034071	CCA-Billing	50130525	CSR-2 Billing Specialist
034071	CCA-Billing	50130561	CSR-2 Billing Specialist
034071	CCA-Billing	50137060	CSR-2 Billing Specialist
034071	CCA-Billing	50147438	CSR-2 Billing Specialist
034071	CCA-Billing	50187298	CSR-2 Billing Specialist
034071	CCA-Billing	50192487	CSR-2 Billing Specialist
034071	CCA-Billing	50251098	CSR-2 Billing Specialist
034071	CCA-Billing	50251232	CSR-2 Billing Specialist
034071	CCA-Billing	50251232	CSR-3 Billing Specialist
034071	CCA-Billing	50277582	CSR-2 Billing Specialist
034071	CCA-Billing	50287892	CSR-2 Billing Specialist
034071	CCA-Billing	50297724	CSR-2 Billing Specialist
034071	CCA-Billing	50297742	CSR-2 Billing Specialist
034071	CCA-Billing	50319816	CSR-2 Billing Specialist
034072	CCA-Collections	3016239	Collection Liaison
034072	CCA-Collections	3016668	CSR-3 Collections Rep

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Home BU	Home Business Unit	Employee #	Job Title
034072	CCA-Collections	3016775	CSR-2 Collections Rep
034072	CCA-Collections	3016776	CSR-3 Call Handling Rep
034072	CCA-Collections	3016864	CSR-3 Collections Rep
034072	CCA-Collections	3016922	CSR-3 Collections Rep
034072	CCA-Collections	3017081	CSR-3 Collections Rep
034072	CCA-Collections	3017165	Team Supvr Collections
034072	CCA-Collections	3017245	Specialist Performance (N)
034072	CCA-Collections	3017489	CSR-4 Collections Tech Coord
034072	CCA-Collections	3017489	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	3017854	Specialist Performance (N)
034072	CCA-Collections	3017995	CSR-2 Collections Rep
034072	CCA-Collections	9015798	CSR-2 Collections Rep
034072	CCA-Collections	17002622	Specialist Performance (N)
034072	CCA-Collections	50015219	CSR-4 Collections Tech Coord
034072	CCA-Collections	50015219	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	50019729	CSR-3 Collections Rep
034072	CCA-Collections	50021279	CSR-3 Collections Rep
034072	CCA-Collections	50025544	CSR-3 Collections Rep
034072	CCA-Collections	50026056	Team Supvr Collections
034072	CCA-Collections	50033303	CSR-4 Collections Tech Coord
034072	CCA-Collections	50033303	CSR-4 Time Critical Tech Coord
034072	CCA-Collections	50037458	CSR-3 Collections Rep
034072	CCA-Collections	50039566	CSR-3 Collections Rep
034072	CCA-Collections	50043241	CSR-3 Collections Rep
034072	CCA-Collections	50043538	Collection Liaison
034072	CCA-Collections	50043621	CSR-3 Collections Rep
034072	CCA-Collections	50054113	CSR-3 Collections Rep
034072	CCA-Collections	50054125	CSR-3 Collections Rep
034072	CCA-Collections	50058246	CSR-4 Collections Tech Coord
034072	CCA-Collections	50058246	CSR-4 Technical Coordinator
034072	CCA-Collections	50090868	CSR-3 Collections Rep
034072	CCA-Collections	50098237	CSR-3 Collections Rep
034072	CCA-Collections	50108020	CSR-3 Collections Rep
034072	CCA-Collections	50113919	CSR-2 Collections Rep
034072	CCA-Collections	50125810	Mgr Collections
034072	CCA-Collections	50251095	CSR-3 Collections Rep
034072	CCA-Collections	50251099	CSR-2 Collections Rep
034072	CCA-Collections	50277581	CSR-3 Collections Rep
034072	CCA-Collections	50287900	CSR-2 Collections Rep
034072	CCA-Collections	50349619	CSR-3 Collections Rep
034073	CCA-Operations & Performance	3016378	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	3016460	Sr Analyst Financial
034073	CCA-Operations & Performance	3016788	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	3016866	Sr Analyst Financial
034073	CCA-Operations & Performance	3017169	Intmd Financial Analyst
034073	CCA-Operations & Performance	50048770	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50104098	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50113909	Analyst Traffic & Scheduling
034073	CCA-Operations & Performance	50224685	Mgr CSC Opns & Performance

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034073	CCA-Operations & Performance	50224685	Mgr Traffic Scheduling CSC
034073	CCA-Operations & Performance	50399062	Analyst Traffic & Scheduling
034074	CCA-Business Services	3000129	Specialist Business Svcs WQ
034074	CCA-Business Services	3000129	Specialist Water Quality
034074	CCA-Business Services	3016241	Specialist Business Svcs
034074	CCA-Business Services	3016241	Sr Specialist Business Svcs
034074	CCA-Business Services	3017079	Supvr Business Services CSC
034074	CCA-Business Services	3017162	Sr Specialist Business Svcs
034074	CCA-Business Services	9000082	Specialist Performance (N)
034074	CCA-Business Services	9000266	Specialist Performance (N)
034074	CCA-Business Services	22004830	Mgr Business Services
034074	CCA-Business Services	24006612	Sr Specialist Business Svcs
034074	CCA-Business Services	50021281	Specialist Escalation CSC (N)
034074	CCA-Business Services	50026042	Specialist Escalation CSC (N)
034074	CCA-Business Services	50087119	Specialist Escalation CSC (N)
034074	CCA-Business Services	50109267	Specialist Escalation CSC (N)
034074	CCA-Business Services	50122433	Specialist Business Svcs
034074	CCA-Business Services	50122457	Specialist Escalation CSC (N)
034074	CCA-Business Services	50198892	Specialist Business Svcs
034075	CCA-Education & Development	3016238	Specialist Performance (N)
034075	CCA-Education & Development	3016243	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	3016350	Specialist Performance (N)
034075	CCA-Education & Development	3016523	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	3016666	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	3016667	Analyst QA (N)
034075	CCA-Education & Development	3016671	Specialist Performance (N)
034075	CCA-Education & Development	3016687	Specialist Performance (N)
034075	CCA-Education & Development	3017735	Mgr Process
034075	CCA-Education & Development	3018070	Analyst QA (N)
034075	CCA-Education & Development	17009339	Specialist Performance (N)
034075	CCA-Education & Development	50015291	Mgr Educ Dev & Quality
034075	CCA-Education & Development	50019724	Analyst QA (N)
034075	CCA-Education & Development	50027572	Analyst QA (N)
034075	CCA-Education & Development	50122292	Training Asst (N)
034075	CCA-Education & Development	50176161	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	50184754	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	50187268	Training Asst (N)
034075	CCA-Education & Development	50202870	Sr Spec Educ & Staff Dev
034075	CCA-Education & Development	50235170	Spec Educ & Staff Dev (N)
034075	CCA-Education & Development	50319820	Analyst QA (N)
037070	CCP-Call Handling	50181342	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181343	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50181344	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181795	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50181798	Team Supvr Call Handling
037070	CCP-Call Handling	50181800	Team Supvr Call Handling
037070	CCP-Call Handling	50188822	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50188829	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50188840	CSR-3 Call Handling Rep

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037070	CCP-Call Handling	50188937	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50188945	Team Supvr Call Handling
037070	CCP-Call Handling	50190167	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50190205	Team Supvr Call Handling
037070	CCP-Call Handling	50193708	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193711	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193713	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193714	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193717	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50193722	Team Supvr Call Handling
037070	CCP-Call Handling	50193724	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50193728	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50194878	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50194924	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50198892	Team Supvr Call Handling
037070	CCP-Call Handling	50198898	Team Supvr Call Handling
037070	CCP-Call Handling	50198931	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198932	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198934	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198935	Supvr Call Handling Group
037070	CCP-Call Handling	50198939	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50198940	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198948	Team Supvr Call Handling
037070	CCP-Call Handling	50198949	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50198951	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50198953	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198954	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198955	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198958	Team Supvr Call Handling
037070	CCP-Call Handling	50198960	Team Supvr Call Handling
037070	CCP-Call Handling	50198962	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198963	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50198987	Team Supvr Call Handling
037070	CCP-Call Handling	50198991	Supvr Call Handling Group
037070	CCP-Call Handling	50198998	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50199001	Team Supvr Call Handling
037070	CCP-Call Handling	50210429	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210463	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50210464	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210465	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210535	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210544	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210562	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50210569	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210572	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210573	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210585	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50210589	Supvr Call Handling Group
037070	CCP-Call Handling	50212276	CSR-4 Technical Coordinator

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Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50212326	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50212327	Team Supvr Call Handling
037070	CCP-Call Handling	50212330	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50212335	Team Supvr Call Handling
037070	CCP-Call Handling	50212417	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214915	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214919	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214928	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214932	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50214934	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217612	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217632	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217638	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50217646	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50217661	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50233843	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50234996	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50234998	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50235006	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50240657	Mgr Call Handling
037070	CCP-Call Handling	50240681	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50240684	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50240688	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50240693	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249148	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249151	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249965	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249967	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249970	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50249971	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50250239	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50251221	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50275454	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275456	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275459	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50275464	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50275469	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276499	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276526	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50276529	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50277448	Team Supvr Call Handling
037070	CCP-Call Handling	50282850	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50282853	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284018	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284062	Supvr Floor (N)
037070	CCP-Call Handling	50284064	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284071	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284081	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50284085	CSR-4 Technical Coordinator

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Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50284086	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50284124	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50284177	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287980	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287987	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287990	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50287996	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50289377	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50289381	Team Supvr Call Handling
037070	CCP-Call Handling	50289477	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50289478	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295456	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50295466	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295495	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295499	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50295500	Supvr Floor (N)
037070	CCP-Call Handling	50296468	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50296585	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50296619	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50303482	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50303492	CSR-2 Call Handling Rep
037070	CCP-Call Handling	50304310	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50304324	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50304325	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310024	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310029	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310030	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310063	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50310116	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50314488	Team Supvr Call Handling
037070	CCP-Call Handling	50320557	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320571	Team Supvr Call Handling
037070	CCP-Call Handling	50320577	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320654	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320656	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320693	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50320710	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320712	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320715	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50320730	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50345374	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345377	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345380	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50345385	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349598	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349601	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349604	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349605	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50349612	CSR-1 Call Handling Rep

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037070	CCP-Call Handling	50349613	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50349616	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50349630	CSR-4 Technical Coordinator
037070	CCP-Call Handling	50355345	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355350	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50355359	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50367873	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367882	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367883	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367884	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367885	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367920	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367928	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367929	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50367942	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50367950	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376835	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376844	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376857	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376858	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376867	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50376886	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50376903	Team Supvr Call Handling
037070	CCP-Call Handling	50389385	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389389	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389390	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389398	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389400	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389401	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389402	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389403	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389406	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389407	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50389411	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50389440	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50391777	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50409455	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409456	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409462	Team Supvr Call Handling
037070	CCP-Call Handling	50409464	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409465	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409466	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409467	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409471	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50409482	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409484	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409485	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50409490	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50411415	CSR-3 Call Handling Rep

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment B
2009 Employees

Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50411421	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411426	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50411429	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411431	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50411448	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50418994	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419041	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419050	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419055	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419062	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419069	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419070	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50419071	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419072	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419073	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419074	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419078	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419081	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50419083	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419084	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419085	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50419087	CSR-3 Call Handling Rep
037070	CCP-Call Handling	50423540	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423548	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423551	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423553	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423554	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423555	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423557	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423559	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423560	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423561	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423564	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50423568	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425957	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425958	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425960	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425961	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425962	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425965	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425967	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425968	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425971	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425974	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425975	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425978	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425979	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425980	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50425981	CSR-1 Call Handling Rep

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment B
2009 Employees

Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50428295	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428303	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428304	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428305	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428308	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428310	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428313	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428317	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428320	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428325	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428326	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428327	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428328	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428331	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428335	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428337	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428339	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428340	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428343	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428344	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50428351	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479542	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479543	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479544	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479546	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479548	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479549	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479551	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479552	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479553	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479555	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479557	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479558	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479559	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479561	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50479563	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50480280	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50498442	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50498446	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50498447	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50498448	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50498449	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50498452	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500852	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500854	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500855	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500856	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500857	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500858	CSR-1 Call Handling Rep

Tennessee American Water Company
Docket No. 10-000189
TN-COC-01-Q73 Attachment B
2009 Employees

Home BU	Home Business Unit	Employee #	Job Title
037070	CCP-Call Handling	50500861	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500862	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500864	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500867	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500869	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500872	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500874	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500875	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500877	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500883	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50500885	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50501953	CSR-1 Call Handling Rep
037070	CCP-Call Handling	50501954	CSR-1 Call Handling Rep
037073	CCP-Operations and Support	50105941	Analyst Traffic & Scheduling
037073	CCP-Operations and Support	50181794	Analyst Traffic & Scheduling
037073	CCP-Operations and Support	50188942	Analyst Traffic & Scheduling
037075	CCP-Education & Development	3016238	Specialist Performance (N)
037075	CCP-Education & Development	3016350	Specialist Performance (N)
037075	CCP-Education & Development	3016667	Analyst QA (N)
037075	CCP-Education & Development	3016671	Specialist Performance (N)
037075	CCP-Education & Development	3016687	Specialist Performance (N)
037075	CCP-Education & Development	3017735	Mgr Process
037075	CCP-Education & Development	3017735	Mgr Quality CSC
037075	CCP-Education & Development	3018070	Analyst QA (N)
037075	CCP-Education & Development	17009339	Specialist Performance (N)
037075	CCP-Education & Development	50019724	Analyst QA (N)
037075	CCP-Education & Development	50027572	Analyst QA (N)
037075	CCP-Education & Development	50176161	Sr Spec Educ & Staff Dev
037075	CCP-Education & Development	50184754	Sr Spec Educ & Staff Dev
037075	CCP-Education & Development	50187268	Training Asst (N)
037075	CCP-Education & Development	50193730	Analyst QA (N)
037075	CCP-Education & Development	50198894	Analyst QA (N)
037075	CCP-Education & Development	50198913	Analyst QA (N)
037075	CCP-Education & Development	50319820	Analyst QA (N)

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

74. Provide a mapping of the National Service Center and Local Service Center business units to the uniform System of Accounts.

Response:

The Company objects to this request on the grounds that the requested information is vague and ambiguous, unduly burdensome, overly broad and seeks information not in possession of the Company in the format requested. The Company also objects on the ground that the request seeks information not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, each business unit of AWWSC records its costs by the uniform system of accounts number system. The Company has provided in the response to TN-COC-01-Q14 a detailed report by year of the costs by each AWWSC function/business unit further detailing that information by account number (USOA). Please refer to the functional business units with the designation of CSC. All O&M management fees for TAWC are charged to account 535000.16.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller

Question:

75. ***Identify*** by business unit the amount of expense included in Exhibit 2, Schedule 3, page 1, under the line item labeled "Management Fees."

Response:

Please see the attached information identified as TN-COC-01-Q75 for the historical test-year. The Company's attrition year was not determined by individual business unit. As shown in the response to TN-TRA-01-Q12, in the attachments at TN-TRA-01-Q013, identified as TRA-01-Q013-MANAGEMENT FEES, at pages 1-12 of 12 , the Company used a factor of 3% annually based on reasonably expected increases for salaries and employee benefits to determine the management fee costs in the attrition year from the normalized March 2010 historical test-year information.

CompanyName	Tennessee American
WDRGLC	O&M
TN-COC-01-Q75	
Row Labels	Sum of WDAA
Audit	
CORP-Audit	$40,506
Benefit Svc Ctr	
CORP-Benefits Service Center	$31,007
Business Development	
CE-Business Development	$799
CORP-Corporate Bus Development	$29,496
NE-Business Development	$3
SE-Business Development	$48,288
WE-Business Development	$91
Business Transformation	
CORP-Bsns Trans-Ord To Compl	($4)
CORP-Bsns Trans-Order To Cash	($2)
CORP-Bsns Trans-Plan, Bld, Ret	($3)
CORP-Bsns Trans-Procure To Pay	($3)
CORP-Bsns Trans-Record To Rpt	($2)
CORP-Bsns Trans-Recruit To Ret	($2)
CORP-Business Transformation	($55)
CSC	
CCA-Administration	$73,633
CCA-Billing	$156,750
CCA-Business Services	$28,422
CCA-Call Handling	$238,702
CCA-Collections	$55,125
CCA-Education & Development	$25,109
CCA-Operations & Performance	$118,988
CCP-Administration	$27,048
CCP-Call Handling	$263,793
CCP-Education & Development	$17,848
CCP-Operations and Support	$73,842
External Affairs/Communication	
CE-External Affairs	$2,594
CORP-Corp Social Resp	$11,007
CORP-External Affairs	$21,647
CORP-External Communications	$20,508
CORP-Government Affairs	$11,202
CORP-Internal Communications	$8,067
CORP-Marketing	$31,681
NE-External Affairs	$61
SE-External Affairs	$79,740
WE-External Affairs	$451
Finance	

CompanyName	Tennessee American
WDRGLC	O&M
TN-COC-01-Q75	
Row Labels	Sum of WDAA
Finance	$6,934
CORP-Finance	$54,617
CORP-IFRS-Finance	$2,313
CORP-Income Tax	$50,481
CORP-Planning & Reporting	$48,486
CORP-Reporting & Compliance	$76,574
CORP-Treasury	$48,839
NE-Finance	$510
SE-Finance	$329,548
WE-Finance	$3,290
Human Resources	
CCA-Human Resources	$24,356
CE-Human Resources	$593
CORP-Business Center HR	$18,830
CORP-ED Human Resources	$38,516
CORP-HR Comp/Benefits	$33,640
CORP-HR Labor Relations	$9,261
CORP-HR Systems & Processes	$16,587
CORP-HR Talent Development	$23,124
CORP-Human Resources	$25,356
CORP-WD Human Resources	$15,443
NE-Human Resources	($2)
SE-Human Resources	$1,819
WE-Human Resources	($5)
Investor Relations	
CORP-Investor Relations	$12,885
ITS	
CE-Western CS & S	$62,579
Chg Ctrl & Desktop Automation	$5,954
CORP-Communications	$91,451
CORP-Enterprise Server	$109,642
CORP-ITS Adm Business Appl Dev	$12,659
CORP-ITS Admin	$57,393
CORP-ITS Appl Adm & Security	($330)
CORP-ITS Client Rel Admin	$5,303
CORP-ITS Infra/Oper Admin	$8,477
CORP-ITS PMO	$53,214
CORP-ITS Production	$291,028
CORP-ITS Sec Arch & Strategy	$2,815
CORP-ITS Security Operations	$31,130
CORP-ITS-Architecture	$43,130
CORP-ITS-BAD-Back Office Apps	$42,373

CompanyName	Tennessee American
WDRGLC	O&M
TN-COC-01-Q75	
Row Labels	Sum of WDAA
CORP-ITS-BAD-Back Office Apps	$33,955
CORP-ITS-BAD-Customer Facing	$34,224
CORP-ITS-BAD-Field Svc Apps	$42,914
CORP-ITS-BAD-Middle Office App	$31,005
CORP-ITS-BAD-Quality&Methodlgy	$17,561
CORP-Service Desk	$30,122
NE-Eastern CS & S	$3,255
SE-ITS Client Relations	$7,787
Laboratory	
BVLAB-Water Quality	$115,361
Legal	
CE-Legal	$5,091
CORP-Legal	$66,179
NE-Legal	$52
SE-Legal	$56,412
WE-Legal	$115
Operation Services	
CE-Maintenance	$13,623
CE-Operational Risk	$19,257
CORP-Asset Management	$3,633
CORP-Chief Operating Officer	$41,348
CORP-COE-Engineering	$3,150
CORP-COE-Technical Services	$3,656
CORP-Maintenance Services	$5,671
CORP-Operational Performance	$11,015
CORP-Operational Risk	$19,897
NE-Maintenance	$285
NE-Operational Risk	$73
SE-Maintenance	$87,508
SE-Operational Risk	$430
WE-Maintenance	$983
WE-Operational Risk	$245
Procurement	
CE-Supply Chain	$797
CORP-Supply Chain-Pass Thru	$4
CORP-Supply Chain-Sourcing	$43,871
NE-Supply Chain	$54
SE-Supply Chain	$10,887
WE-Supply Chain	$22
Property	
CORP-1000 Voorhees Building	$15,392
CORP-3906 Church Road	$9,711

CompanyName	Tennessee American
WDRGLC	O&M
TN-COC-01-Q75	
Row Labels	Sum of WDAA
CORP-3906 Church Road	$191,673
CORP-Building Services Woodcre	$71,504
NE-Building Services Woodcrest	($0)
Regulated Operations	
CE-Administration	$11,588
CE-Customer Relations	$6,878
CE-Engineering	$3,246
CE-Environmental Mgmt	$768
CE-Network	$1,705
CE-Production	($7)
CORP-Eastern Division Ops	$19,716
CORP-Innov & Env Stewardship	$33,175
CORP-Regulated Ops	$36,545
Corp-Western Division Ops	$209
ED-Customer Relations	$121,954
NE-Production	$46
SE-Administration	$94,546
SE-Customer Relations	$90,284
SE-Engineering	$6,874
SE-Network	$11,714
WE-Administration	$691
WE-Customer Relations	$99
WE-Engineering	$447
WE-Environmental Mgmt	($1)
WE-Service Delivery	$130
Regulatory Services	
CORP-Backfill Reg App	($5)
CORP-Regulatory UFS	$15,065
SSC	
SSC-Accounts Payable	$38,599
SSC-Administration	$52,874
SSC-AWE	$3,746
SSC-Business Support Services	$28,681
SSC-Cash Operations	$42,449
SSC-Employee Services	$50,890
SSC-General Accounting	$92,453
SSC-Project Management	$6,855
SSC-Rates & Regulation	$38,314
SSC-Tax	$26,815
SSC-Utility Plant Accounting	$42,113
Yes-Include in Corporate	
CORP-AWE Pass-Thru	$2,462

CompanyName	Tennessee American
WDRGLC	O&M
TN-COC-01-Q75	
Row Labels	Sum of WDAA
CORP-AWE Pass-Thru	$25
CORP-Business Change	$2,500
CORP-Non-Departmental Costs	$51,398
(blank)	
(blank)	$0
Grand Total	$5,009,717
Per books 12 months ending 3/10	$5,008,401
Amt charged to acct 535000.16	$1,316

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

76. Please provide all ***Documents*** that ***Explain,*** relate to, refer, or describe the process of allocating costs from any subsidiary or affiliate of ***AWWC*** to ***TAWC,*** including but not limited to how and when new allocation factors are developed, how costs are directly assigned, and how companies can choose to acquire from other sources services provided by ***AWWSC.***

Response:

The Company objects to this question on the grounds the requested information is overly broad and unduly burdensome. Without waiving the objections, see the response to TN-CMA-01-Q4 parts a-d., and attachments 2-4 which are responsive to this request. Also see the response to TN-COC-01-Q19-CONFIDENTIAL ATTACHMENTS that contains extensive information about cost allocations and internal controls surrounding those cost allocations. See the management audit by Schumaker & Co attached as Exhibit MAM-8 to Mr. Miller's testimony at Sections II and III which provide detailed discussions, findings and recommendations about the AWWSC allocations and internal controls related to the AWWSC billing (including both direct and allocation processes).

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Tom McKitrick

Question:

77. Please ***Identify*** and provide a copy of all management audits completed since January 1, 2007, including any directed by the TRA or any other state regulatory agency, performed by or for ***TAWC, AWWSC, AWWC*** or any subsidiary or affiliate of ***AWWC*** other than the ***Schumaker Report.***

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Booz Allen management audit performed and provided in docket number 08-0039 was previously provided to the City and is available on the TRA website under that docket number. Please see TN-CAPD-01-PART III-Q73-ATTACHMENT for the Pennsylvania American Management Audit.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller

Question:

78. In connection with "Summary of Adjustment to Test Year Operating Expense" (Exhibit 2, Schedule 3 of the filing), please ***Identify*** *in* detail all adjustments (Column "Test Year Adjustments Present Rates" and "Attrition Year Adjustments") for the Management Fees (Line 11) and provide all ***Documents*** constituting, referencing, containing, relating to, or referring to the Exhibit and Schedule and to such adjustments.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome. Without waiving these objections, the working papers for the management fees adjustments were provided in response to TN-TRA-01-Q013 and labeled as TRA-01-Q013-MANAGEMENT FEES, Pages 1 thru 12. The Excel file was also included in response to that same question and is labeled as Misc Line 18-21.xls, tab Management Fees. The summary of those adjustments to historical test-year management fees are provided in Exhibit MAM-9 to Mr. Miller's testimony. In addition, Mr. Miller's direct testimony and Exhibits MAM-10 and 11 to his testimony provide additional information on this topic.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Tom McKitrick

Question:

79. Please provide a schedule ***Identifying*** for each of calendar years 2006 through 2009, 2010 to date, and as projected for 2010 and 2011 (i) each subsidiary or affiliate of ***AWWC*** to which ***AWWSC*** provided services of any kind; (ii) the total amount paid by each such subsidiary or affiliate to ***AWWSC*** and (ii) the number of end-user customers for each such subsidiary or affiliate at the beginning and end of each calendar year. Provide all ***Workpapers*** and ***Documents*** supporting, referring to, or related to the requested information.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, see the responses to COC-01-Q65 and Q66 which provides information responsive to this request through the latest actual accounting close, October 2010. The 2011 plan is not complete at this time.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Lori O'Malley

Question:

80. Please provide for all companies that charge salaries and wages to ***TAWC, a*** breakdown of the total amount of gross payroll and employee benefit costs (by benefit type) for the test year, the prior two historical years, the normalization year, the attrition year and as projected for 2010 and 2011 and between amounts expensed and amounts capitalized, and provide the percentage of payroll and employee benefits (by benefit type) charged to expense for each year. Provide all ***Workpapers*** and ***Documents*** supporting, referring to, or related to the requested information.

Response:

The Company objects to this request on the grounds that it is overly broad, unduly burdensome, and seeks information the Company does not maintain in the format requested. The Company further objects that the request is vague and ambiguous. Without waiving these objections, however, please see the attached schedule, identified as TN-COC-01-Q80-ATTACHMENT. A breakdown of AWWSC labor and benefits charged to TAWC is provided for the test year, 2008, 2009, the attrition year and projected for 2010. The normalization year is the same period as the test year. Projected 2011 information is not available in the format requested. Also see the responses to TN-COC-01-Q75 and Q76 for information on how the attrition year management fees were determined.

The breakdown of labor between capital and expense is provided. Employee benefit overheads are distributed based on the allocation of labor dollars providing the same capitalization percentage as that of labor.

Tennesse American Water Company
Docket No. 10-00189
TN-COC-01-Q80 Attachment

	AWWSC Billed to TAWC			
Test Year	**Total**	**Capital**	**Expense**	**% Expense**
Labor	$2,040,517	$111,014	$1,929,503	94.56%
Group Insurance	304,412			
PBOP	80,748			
Pension	367,619			
401k	40,265			
Defined Contribution Plan	41,865			
Employee Stock Purchase Plan	3,607			
FUTA	1,953			
FICA	162,288			
SUTA	12,922			
Total Labor & Benefits	$3,056,196			

	AWWSC Billed to TAWC			
Year 2009	**Total**	**Capital**	**Expense**	**% Expense**
Labor	$2,018,323	$110,761	$1,907,562	94.51%
Group Insurance	304,136			
PBOP	82,076			
Pension	382,544			
401k	38,258			
Defined Contribution Plan	39,977			
Employee Stock Purchase Plan	4,000			
FUTA	1,462			
FICA	154,894			
SUTA	8,088			
Total Labor & Benefits	$3,033,757			

	AWWSC Billed to TAWC			
Year 2008	**Total**	**Capital**	**Expense**	**% Expense**
Labor	$2,064,923	$151,643	$1,913,280	92.66%
Group Insurance	326,153			
PBOP	65,461			
Pension	234,760			
401k	37,199			
Defined Contribution Plan	30,335			
Employee Stock Purchase Plan	1,780			
FUTA	2,387			
FICA	181,377			
SUTA	12,138			
Total Labor & Benefits	$2,956,513			

Tennesse American Water Company
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TN-COC-01-Q80 Attachment

	AWWSC Billed to TAWC			
	AWWSC Billed to TAWC			
Attrition Year	**Total**	**Capital**	**Expense**	**% Expense**
Labor	$2,101,732	$114,344	$1,987,389	94.56%
Group Insurance	313,544			
PBOP	83,170			
Pension	378,648			
401k	41,473			
Defined Contribution Plan	43,121			
Employee Stock Purchase Plan	3,715			
FUTA	2,011			
FICA	167,157			
SUTA	13,309			
Total Labor & Benefits	$3,147,882			

	AWWSC Billed to TAWC			
2010 Budget	**Total**	**Capital**	**Expense**	**% Expense**
Labor	$2,504,241	$150,468	$2,353,773	93.99%
Group Insurance	355,741			
PBOP	71,743			
Pension	343,051			
401k	44,411			
Defined Contribution Plan	62,336			
Employee Stock Purchase Plan	0			
FUTA	2,207			
FICA	177,936			
SUTA	15,201			
Total Labor & Benefits	$3,576,867			

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller/John Watson

Other Participating Employees: Lori O'Malley

Question:

81. Please provide documentation containing the salary and/or wages for each position at ***TAWC*** or ***AWWSC***, all or part of the cost of which is charged to ***TAWC***.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the hourly rate or salary for the TAWC employees was provided in response to TN-CAPD-01-PART III-Q21-CONFIDENTIAL ATTACHMENT. Please also see TN-CAPD-01-PART III-Q41 for the wages of each AWWSC position as of September 30, 2010 and the amount charged to TAWC.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: George Conroy

Question:

82. Please list separately for all companies, divisions, or entities that charge salaries and wages to ***TAWC***, the actual number of employees (where available), for each year 2003 through 2009, and monthly for 2010. If the labor force levels are other than full-time equivalent positions, please provide a separate listing stated in terms of full-time equivalent positions. Provide all ***Workpapers*** and ***Documents*** supporting, referring to, or related to the requested information.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, this request seeks information not readily available and/or in the possession of the Company in the format requested. However, please see the response to TN-COC-01-Q43 for total Service Company hours and charges for Tennessee for the years 2005 through September 2010 and the associated full-time equivalent positions allocated to Tennessee by function.

The summary schedule contains the yearly totals and FTE's by function. The other schedules provide a breakdown of the charges by month for the years 2005 through 2010. Detailed data for the years 2003 and 2004 was not reasonably available and was therefore not presented.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller/Lisa Brooks/Other Witnesses

Question:

83. Please produce a copy of all trade articles, journals, treatises, speeches and publications of any kind in any way utilized or relied upon by any of ***TAWC's*** proposed expert witnesses in evaluating, reaching conclusions, or formulating an opinion in the captioned matter as well as all articles, journals, speeches, or books written or co-written by any of the ***TAWC*** witnesses.

Response:

The Publications written by the expert witnesses were identified in their testimony provided in the original filing of this rate case. Also see the response submitted to TN-CAPD-01-SUPPLEMENTAL-Q81c.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Sheila Miller/Lisa Brooks/Other Witnesses

Question:

84. Please ***Identify*** and produce any and all ***Documents*** or evidence of any kind that ***TAWC*** intends to offer as evidence at the hearing or to refer to in any way at the hearing.

Response:

At this time, the Company intends to offer the testimony and exhibits thereto, which it has already filed in this docket along with the responses it has provided to data and discovery requests from the TRA staff and intervenors. The Company does not know at this time if additional testimony or exhibits will be offered including, but not limited to, rebuttal testimony and any document produced in discovery. The Company will seasonably supplement its response.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: Tom McKitrick/Others

Question:

85. For all expenses included in the "Summary Bill Reports," during each year 2003 through 2009, and monthly for 2010, please provide for each category of service and for each month a description of the purpose and amount of each expense.

Response:

The Company objects to this request on the grounds that it is overly broad and unduly burdensome and seeks information that is not relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the types of services provided to TAWC are governed by the 1989 Service Company Agreement and the types of functional services provided by AWWSC have not materially changed since 1990 or since the Company's 2008 rate case. The Company provided significant information to Schumaker and Company during the management audit provided as Exhibit MAM-8 to Mr. Miller's direct testimony. The entire report (all sections) contains discussions, findings and recommendations on the types and breadth of services provided to TAWC by AWWSC and would indicate the entire report is responsive to this request. In addition the Company would specifically cite to Section II-A., beginning on page 13 of the management audit report referenced above. The Company would also refer the City to the response to TN-COC-01-Q19-CONFIDENTIAL ATTACHMENT provided on CD, with specific reference to Schumaker discovery request IR #3 which is directly responsive to this question.

TENNESSEE AMERICAN WATER COMPANY
DOCKET NO. 10-00189
FIRST DISCOVERY REQUEST OF THE
CITY OF CHATTANOOGA

Responsible Witness: Michael A. Miller

Other Participating Employees: None

Question:

86. Please provide all ***Documents*** constituting, referencing, containing, relating to, responding to, or referring to any benchmarking studies or similar reports for ***TAWC***, ***AWWC***, ***AWWSC***, and any other subsidiary or affiliate of ***AWWC***, performed by outside consulting or benchmarking firms (for example, but not limited to: Gartner, Ernst & Young, Towers-Perrin, Hackett, Saratoga, and industry or functional associations), whether in draft or final form, with all associated documentation, including, but not limited to definitions, instructions, data inputs, and supplementary reports that have been initiated or completed since January 1, 2000. The requested ***Documents*** include, without limitation, all ***Documents*** constituting, referencing, containing, relating to, responding to, or referring to internal analyses of these reports, including, without limitation, remediation plans, schedules and progress reports associated with follow-up for this work. Please provide all ***Documents*** referencing, relating to, responding to, or referring to any such benchmarking stud(ies).

Response:

This question has already been asked verbatim. Please see the Company's response to TN-COC-01-Q18.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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. 10-00189**

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL A. MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing responses to the Supplemental Data Requests to the City of Chattanooga were prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 30th day of November, 2010.

Michael A. Miller
(signature)

Michael A. Miller
(printed name)

Sworn to and subscribed before me this 30th day of November, 2010.

Lisa R. Brooks
NOTARY PUBLIC

My Commission Expires:

September 7, 2019

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Lisa R. Brooks
18 Mill Creek Crossing
Hurricane, WV 25526
My Commission Expires September 7, 2019

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 1st day of December, 2010, upon the following:

[x] Hand-Delivery
[ ] U.S. Mail
[ ] Facsimile
[ ] Overnight
[x] Email

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