

Schedule RCS-1
QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933*	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
T E-1032-88-102	Illinois Bell Telephone Company (Illinois CC)
89-0033	Puget Sound Power & Light Company (Washington UTC))
U-89-2688-T	Philadelphia Electric Company (Pennsylvania PUC)
R-891364	Potomac Electric Power Company (District of Columbia PSC)
F.C. 889	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
Case No. 88/546*	
87-11628*	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
& U-1551-89-103	
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and	Intrastate Access Charge Methodology, Pool and Rates
TC-91-040B	Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS &	General Development Utilities - Port Malabar and
911-67-WS	West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314	
& M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 &	
U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC)
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 &	Citizens Utilities Company - Gas Division
U-1032-93-193	(Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/	Sale of Assets CC&N from Contel of the West, Inc. to
E-1032-93-169	Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR*	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation E-1032-95-473 E-1032-95-433	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission) Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC) Citizens Utility Co. - Arizona Electric Division (Arizona CC) Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285 94-10-45 A.96-08-001 et al.	Missouri Gas Energy (Missouri PSC) Southern New England Telephone Company (Connecticut PUC) California Utilities' Applications to Identify Sunk Costs of Non- Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324 96-08-070, et al.	Bell Atlantic - Delaware, Inc. (Delaware PSC) Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12 R-00973953	Connecticut Light & Power (Connecticut PUC) Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705 E-1072-97-067 Non-Docketed Staff Investigation PU-314-97-12 97-0351 97-8001	Entergy Gulf States, Inc. (Cities Steering Committee) Southwestern Telephone Co. (Arizona Corporation Commission) Delaware - Estimate Impact of Universal Services Issues (Delaware PSC) US West Communications, Inc. Cost Studies (North Dakota PSC) Consumer Illinois Water Company (Illinois CC) Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I 9355-U 97-12-020 - Phase I U-98-56, U-98-60, U-98-65, U-98-67 (U-99-66, U-99-65, U-99-56, U-99-52) Phase II of 97-SCCC-149-GIT PU-314-97-465 Non-docketed Assistance Contract Dispute	San Diego Gas & Electric Co., Section 386 costs (California PUC) Georgia Power Company Rate Case (Georgia PUC) Pacific Gas & Electric Company (California PUC) Investigation of 1998 Intrastate Access charge filings (Alaska PUC) Investigation of 1999 Intrastate Access Charge filing (Alaska PUC) Southwestern Bell Telephone Company Cost Studies (Kansas CC) US West Universal Service Cost Model (North Dakota PSC) Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC) City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL) Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No.	
98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No.	Post-Transition Ratemaking Mechanisms for the Electric Industry
99-01-016,	Restructuring (US Department of Navy)
Phase I	
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020	Pacific Gas & Electric Company Rate Case (California PUC)
Phase II	United Illuminating Company (Connecticut OCC)
01-10-10	Georgia Power FCR (Georgia PSC)
13711-U	Verizon Delaware § 271(Delaware DPA)
02-001	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-BLVT-377-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No. 05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No. 03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363, Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM, Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT- 1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT- 607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT- 060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA,	
06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No.UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208,	
R-2010-2166210,	
R-2010-2166212, &	
R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 1 (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45 [^]	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)

PUE-2015-00027 Docket No. 2015-0022	Virginia Electric and Power Company (Commonwealth of Virginia SCC) Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T 15-07-38 ^{^^}	West Virginia-American Water Company (West Virginia PSC) Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26 ^{^^}	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)

* Testimony filed, examination not completed

** Issues stipulated

*** Company withdrew case

[^] Testimony filed, case withdrawn after proposed decision issued

^{^^} Issues stipulated before testimony was filed

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file: number 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1025 Laurel Oak Road, Voorhees, NJ

(Address of principal executive offices)

51-0063696

(I.R.S. Employer
Identification No.)

08043

(Zip Code)

(856) 346-8200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.01 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[Table of Contents](#)

jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

Contamination of our sources of water could result in service interruptions and human exposure to hazardous substances and subject our subsidiaries to civil or criminal enforcement actions, private litigation and cleanup obligations.

Our water supplies are subject to contamination, including contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from man-made sources, such as perchlorate and methyl tertiary butyl ether (“MTBE”), and possible terrorist attacks. In the event that our water supply is contaminated, we may have to interrupt the use of that water supply until we are able to substitute the supply of water from another water source, including, in some cases, through the purchase of water from a third-party supplier. In addition, we may incur significant costs in order to treat the contaminated source through expansion of our current treatment facilities, or development of new treatment methods. If we are unable to substitute water supply in a cost-effective manner, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. We might not be able to recover costs associated with treating or decontaminating water supplies through rates, or such recovery may not occur in a timely manner. Moreover, we could be held liable for environmental damage as well as damages arising from toxic tort, contractual obligations or other lawsuits or criminal enforcement actions, or other consequences arising out of human exposure to hazardous substances in our drinking water supplies.

Our business transformation initiative (“BT”) involves risks, could result in higher than expected costs or otherwise adversely impact our operations and profitability.

We have undertaken a business transformation project, which is intended to upgrade our antiquated and manual processes and systems. This multi-year, enterprise-wide initiative is intended to support our broader strategic initiatives. The project is intended to optimize workflow throughout our field operations, improve our back-office operations and enhance our customer service capabilities. The scale and anticipated future costs associated with the business transformation project are significant and we could incur significant costs in excess of what we are planning to spend. Any technical or other difficulties in developing or implementing this initiative may result in delays, which, in turn, may increase the costs of the project. When we make adjustments to our operations, we may incur incremental expenses prior to realizing the benefits of a more efficient workforce and operating structure. Further, we may not realize the cost improvements and greater efficiencies we hope for as a result of the project. In addition, we can provide no guarantee that we will be able to achieve timely or adequate rate recovery of these increased costs associated with the transformation project.

Currently, we operate numerous systems that have varying degrees of integration, which can lead to inefficiencies, workarounds and rework. As such, delays in the initiative being put into service will also delay cost savings and efficiencies expected to result from the project. We may also experience difficulties consolidating our current systems, moving to a common set of operational processes and implementing a successful change management process. These difficulties may impact our customers and our ability to meet their needs efficiently. Any such delays or difficulties may have a material and adverse impact on our business, client relationships and financial results.

Our liquidity and earnings could be adversely affected by increases in our production costs, including the cost of chemicals, electricity, fuel or other significant materials used in the water and wastewater treatment process.

We incur significant production costs in connection with the delivery of our water and wastewater services. Our production costs are driven by purchased water, chemicals used to treat water and wastewater as well as

Table of Contents

Our infrastructure investment plan consists of both infrastructure renewal programs, where we replace infrastructure as needed, and major capital investment projects, where we construct new water and wastewater treatment and delivery facilities to meet new customer growth and water quality regulations. Our projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Our projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

During 2010, we continued to move forward with BT to enhance processes and upgrade antiquated legacy systems in order to generate efficiencies and provide more cost effective service to our customers. In 2010, we completed our evaluation of appropriate software solutions and selected our software vendor as well as our system integrator. During the fourth quarter of 2010, we began working with the system integrator to analyze our current processes and to design a blueprint for business processes and new systems that will enable business transformation. This work will continue through the first quarter of 2011. During the remainder of 2011, we will begin the detailed design and build of the Enterprise Resource Planning (“ERP”) application. We expect to have all three enterprisewide systems or applications—the ERP, a new customer information system and an enterprise asset management system—implemented by the end of 2014.

Current estimates indicate that BT expenditures could total as much as \$280 million. Through December 31, 2010, we have spent \$34.5 million on the project. Expenditures associated with BT are included in the estimated capital investment spending of \$800 million to \$1 billion capital investment spending outlined above. As with any other initiative of this magnitude, there are risks that could result in increased costs. Any technical difficulties in developing or implementing this initiative, such as implementing a successful change management process, may result in delays, which in turn, may increase the costs of the project and also delay and, perhaps, reduce any cost savings and efficiencies expected to result from the initiative. When we make adjustments to our operations, we may incur incremental expenses prior to realizing the benefits of a more efficient workforce and operating structure. While we believe such expenditures can be recovered through regulated rates, we can provide no guarantee that we will be able to achieve timely rate recovery of these increased costs associated with this transformation project. Any such delays or difficulties encountered with such recovery may have a material and adverse impact on our business, customer relationships and financial results. We believe that the goals of BT—increasing our operating efficiency and effectiveness and controlling the costs associated with the operation of our business—are important to providing the quality service to our customers and communities we serve.

The following table provides a summary of our historical capital expenditures:

	For the Years Ended December 31,		
	2010	2009	2008
		(in thousands)	
Transmission and distribution	\$299,303	\$309,851	\$ 399,597
Treatment and pumping	133,473	125,031	186,480
Services, meter and fire hydrants	157,982	153,455	224,089
General structures and equipment	111,394	99,280	71,146
Sources of supply	31,452	44,127	52,392
Wastewater	32,032	53,521	75,102
Total capital expenditures	\$765,636	\$785,265	\$1,008,806

Capital expenditures during the periods noted above were related to the renewal of supply and treatment assets, construction of new water mains and customer service lines, as well as rehabilitation of existing water mains and hydrants.

Section 1: 10-K (10-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file: number 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1025 Laurel Oak Road, Voorhees, NJ
(Address of principal executive offices)

51-0063696
(I.R.S. Employer
Identification No.)

08043
(Zip Code)

(856) 346-8200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock, par value \$0.01 per share

Name of each exchange on which registered

New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12(b)-2 of the Exchange Act.:

Large accelerated filer Accelerated filer

Non-accelerated filer Small reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Common Stock, \$0.01 par value—\$8,858,523,983 as of June 30, 2014.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Common Stock, \$0.01 par value per share—179,787,780 shares, as of February 19, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Some of our Market-Based Operations enter into long-term contracts under which they agree to operate and maintain a municipality's, federal government's or other party's water or wastewater treatment and delivery facilities, which includes specified major maintenance for some of those facilities, in exchange for an annual fee. Our Market-Based Operations are generally subject to the risk that costs associated with operating and maintaining the facilities, including production costs such as purchased water, electricity, fuel and chemicals used in water treatment, may exceed the fees received from the municipality or other contracting party. Losses under these contracts or guarantees may adversely affect our financial condition, results of operations, cash flows and liquidity.

Our inability to efficiently optimize and stabilize our recently implemented business transformation project, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Over the past several years, we have implemented a "business transformation" project, which is intended to improve our business processes and upgrade our legacy core information technology systems. This multi-year, enterprise-wide initiative supports our broader strategic initiatives. The project is intended to optimize workflow throughout our field operations, improve our back-office operations and enhance our customer service capabilities. The scale and costs associated with the business transformation project were significant. Any technical or other difficulties in optimizing and stabilizing this initiative may increase the costs of the project and have an adverse effect on our operations and reporting processes, including our internal control over financial reporting. In August 2012, our new business systems associated with Phase I of our business transformation project became operational. Phase I consisted of the roll-out of the ERP, which encompassed applications that handle human resources, finance, and supply chain/procurement management activities. In the second quarter of 2013, we implemented Phase II of our business transformation project in a number of our regulated subsidiaries. In the fourth quarter of 2013, Phase II of our business transformation project was implemented in our remaining regulated subsidiaries. Phase II consisted of the roll-out of a new Enterprise Asset Management system, which manages an asset's lifecycle, and a Customer Information system, which contains all billing and collections data pertaining to American Water's customers for our Regulated segment. Although efforts have been made to minimize any adverse impact on our controls, we cannot assure that all such impacts have been mitigated.

As we make adjustments to our operations, we may incur incremental expenses prior to realizing the benefits of a more efficient workforce and operating structure. Further, we may not realize anticipated cost improvements and greater efficiencies from the project.

We operate numerous information technology systems that are in various stages of integration, sometimes leading to inefficiencies. Therefore, delays in stabilization and optimization of the business transformation project will also delay cost savings and efficiencies expected to result from the project. We may also experience difficulties consolidating our current systems, moving to a common set of operational processes and implementing a successful change management process. These difficulties may impact our ability to meet customer needs efficiently. Any such delays or difficulties may have a material and adverse impact on our business, client relationships and financial results.

Our business has inherently dangerous workplaces. If we fail to maintain safe work sites, we can be exposed to financial losses as well as penalties and other liabilities.

Our safety record is critical to our reputation. We maintain health and safety standards to protect our employees, customers, vendors and the public. Although we intend to adhere to such health and safety standards it is unlikely that we will be able to avoid accidents at all times.

Our business sites, including construction and maintenance sites, often put our employees and others in close proximity with large pieces of equipment, moving vehicles, pressurized water, chemicals and other regulated materials. On many sites we are responsible for safety and, accordingly, must implement safety procedures. If we fail to implement such procedures or if the procedures we implement are ineffective or are not followed by our employees or others, our employees and others may be injured or die. Unsafe work sites also have the potential to increase employee turnover and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, and results of operations.

In addition, our operations can involve the handling and storage of hazardous chemicals, which, if improperly handled, stored or disposed of, could subject us to penalties or other liabilities. We are also subject to regulations dealing with occupational health and safety. Although we maintain functional employee groups whose primary purpose is to ensure we implement effective health, safety, and environmental work procedures throughout our organization, including construction sites and maintenance sites, the failure to comply with such regulations could subject us to liability.

Our continued success is dependent upon our ability to hire, retain, and utilize qualified personnel.

The success of our business is dependent upon our ability to hire, retain, and utilize qualified personnel, including engineers, craft personnel, and corporate management professionals who have the required experience and expertise. From time to time, it may be difficult to attract and retain

Test Year Ended December 31, 2014

Line No.	Sub Account	Account Description	BT Program Assets As of 12/31/2014 (A)	MAWC Proposed Rates (B)	MAWC Proposed Depreciation Expense (C)	OPC Proposed Depreciation Rates (D)	OPC Proposed Depreciation Expense (E)	OPC Adjustment (F)
Comprehensive Planning Study (CPS)								
1	339600	Other P/E - CPS	\$ 63,759	3.03%	\$ 1,932	3.03%	\$ 1,932	\$ -
2	340310	Computer Software Mainframe	\$ 60,912	10.00%	\$ 6,091	5.00%	\$ 3,046	\$ (3,045)
3		Total CPS	<u>\$ 124,671</u>		<u>\$ 8,023</u>		<u>\$ 4,978</u>	<u>\$ (3,045)</u>
Enterprise Resource Planning (ERP)								
4	340200	Computer & Peripheral Equipment	\$ 429	20.00%	\$ 86	20.00%	\$ 86	\$ -
5	340310	Computer Software Mainframe	\$ 17,664,339	10.00%	\$ 1,766,434	5.00%	\$ 883,217	\$ (883,217)
6		Total ERP	<u>\$ 17,664,768</u>		<u>\$ 1,766,520</u>		<u>\$ 883,303</u>	<u>\$ (883,217)</u>
Enterprise Asset Management (EAM)								
7	340310	Computer Software Mainframe	\$ 10,133,319	10.00%	\$ 1,013,332	5.00%	\$ 506,666	\$ (506,666)
8		Total EAM	<u>\$ 10,133,319</u>		<u>\$ 1,013,332</u>		<u>\$ 506,666</u>	<u>\$ (506,666)</u>
Customer Information Systems (CIS)								
9	340310	Computer Software Mainframe	\$ 14,703,928	10.00%	\$ 1,470,393	5.00%	\$ 735,196	\$ (735,197)
10		Total CIS	<u>\$ 14,703,928</u>		<u>\$ 1,470,393</u>		<u>\$ 735,196</u>	<u>\$ (735,197)</u>
Controls/Organizational Integration								
11	340310	Computer Software Mainframe	\$ 3,843,116	10.00%	\$ 384,312	5.00%	\$ 192,156	\$ (192,156)
12		Total Controls/Organizational Integration	<u>\$ 3,843,116</u>		<u>\$ 384,312</u>		<u>\$ 192,156</u>	<u>\$ (192,156)</u>
13		Total Business Transformation Depreciation Expense	<u>\$ 46,469,802</u>		<u>\$ 4,642,579</u>		<u>\$ 2,322,299</u>	<u>\$ (2,320,281)</u>

Notes and Source

Cols. A-C: Amounts from the response to OPC 5007

Decision 12-06-016 June 7, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of California-American Water Company (U210W) for Authorization to Increase its Revenues for Water Service by \$4,134,600 or 2.55% in the year 2011, by \$33,105,800 or 19.68% in the 2012, by \$9,897,200 or 4.92 % in 2013, and by \$10,874,600 or 5.16% in the year 2014.

Application 10-07-007
(Filed July 1, 2010)

And Related Matter.

Application 11-09-016

(See Attachment A for a list of appearances)

**DECISION ADOPTING THE 2011, 2012, 2013, AND 2014
REVENUE REQUIREMENT FOR
CALIFORNIA-AMERICAN WATER COMPANY**

This decision adopts the majority of the settled issues, with the exceptions listed below. A more detailed discussion of the approved settlement issues is contained in section 6.

3. Settled Issues Not Approved in this Decision

The settled issues we do not approve include:

- Regulatory Expenses
- Special Request #31 - Walerga Special Facilities Fees (moved to Phase 2 for consideration);
- Non-revenue water reporting as volumes only;
- Non-revenue water reporting for the Monterey County District;
- Revisions to the Penalty/Reward Mechanism for the Monterey County District;
- Special Request #5 to establish a Water Revenue Adjustment Mechanism (WRAM) for the Sacramento District (moved to Phase 2 for consideration);
- Irrigation Rates for Larkfield, San Diego, Ventura, and Toro in the Monterey County District;
- Billing format changes;
- Advanced Metering Infrastructure;
- Volumetric rate structure for wastewater; and,
- Low-income surcredit increase (moved to Phase 2 for consideration).

A more detailed discussion of the settlement issues not approved is contained in section 7.

4. Disputed Issues Resolved in this Decision

This decision also resolves the disputed issues not contained in the settlement agreements. Some of the disputed items are:

- Special Requests #4, #11, #14, #19, #24, #32, #34,

- Supervisory Control and Data Acquisition System Update Costs;
- Domestic Production Activities Deduction; and,
- General Office Expense Adjustments.

A more complete discussion and resolution of the disputed items is contained in section 8.

5. Standards of Review

5.1. General Standard of Review

Cal-Am, as the applicant, bears the burden of proof to show that the regulatory relief it requests is just and reasonable and the related ratemaking mechanisms are fair.

5.2. Commission Rules on Settlements

The Commission's Rules of Practice and Procedure (Rules) specifically address the requirements for adoption of proposed settlements in Rule 12.1 *Proposal of Settlements*, and subject to certain limitations in Rule 12.5 *Adoption Binding, Not Precedential*.¹

Rule 12.1(a) states:

Parties may, by written motion any time after the first prehearing conference and within 30 days after the last day of hearing, propose settlements on the resolution of any material issue of law or fact or on a mutually agreeable outcome to the proceeding. Settlements need not be joined by all parties; however, settlements in applications must be signed by the applicant....

¹ http://docs.cpuc.ca.gov/published/RULES_PRAC_PROC_/105138-11.htm#P623_143939.

8.2. Income Tax and Related Issues

Cal-Am filed A.10-07-007 on July 1, 2010 claiming taxable income and expenses for the test year including \$2,698,590 in California Corporate Franchise Tax and \$10,282,710 in Federal Income Tax. Cal-Am's application also originally reflected certain tax deductions that reduce its revenue requirement request.

The Small Business Jobs Act was signed into law on September 27, 2010. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 was also enacted on December 17, 2010. Both laws affect aspects of Cal-Am's tax calculations. Because Cal-Am filed its application prior to the enactment of the laws, Cal-Am's rebuttal testimony addresses the impacts of the new laws on its tax situation.

8.2.1. Domestic Production Activity Deduction

Cal-Am claims that it is ineligible for the Domestic Production Activities Deduction (DPAD) because it is in a net operating loss position.²⁶ Cal-Am relies on D.09-03-007, the Suburban Water Company (Suburban) general rate case, in which the Commission found that if a deduction is not used, it should not be considered for ratemaking purposes. Cal-Am also requests approximately \$13 million in revenue requirement for California Corporate Franchise Tax and Federal Income Tax. Cal-Am's explanation for this apparent inconsistency is that the Commission requires Cal-Am to calculate income taxes for ratemaking purposes based on a "stand alone" basis and for tax reporting purposes on the American Water Works consolidated income tax return.²⁷

²⁶ Exhibit CAW-45 at 2.

²⁷ Cal-Am Reply Brief at 14.

DRA distinguishes the circumstances in this case from those in the Suburban case. Suburban showed an overall loss on its returns. Here, Cal-Am anticipates paying approximately \$12 million in California Corporate Franchise Tax and Federal Income Tax in 2012.²⁸

TURN also objects to Cal-Am's explanation. TURN asserts that Cal-Am is asking ratepayers to fund tax obligations in the revenue requirement while also claiming a net operating loss, thus making Cal-Am ineligible to take tax deductions which reduce the revenue requirement for ratepayers. TURN points out that Cal-Am's own witness said that the net operating loss position is directly attributable to Cal-Am's WRAM deferrals and that absent the large deferrals, Cal-Am would have positive taxable income in 2011 and 2012.²⁹

TURN recommends that the Commission remove the California Corporate Franchise Tax and Federal Income Tax request from the revenue requirement.³⁰ However, if the Commission relies on Cal-Am's original filing that assumes taxable income in 2012 for ratemaking purposes, then TURN recommends that the taxable income be reduced consistent with normal ratemaking adjustments such as the DPAD.³¹

We agree with DRA that the facts in Suburban are distinct from the facts here. Suburban did not include income taxes in its revenue requirement request for ratemaking purposes, and claimed a net operating loss for actual tax

²⁸ Reporter's Transcript at 1145:22-27.

²⁹ Reporter's Transcript at 1120:10-19.

³⁰ TURN Opening Brief at 7.

³¹ TURN Opening Brief at 14.

reporting purposes. Suburban's tax situation was the same for both ratemaking and actual tax purposes.

We dislike inconsistent treatment of tax positions when the disparate treatment adversely impacts ratepayers, as it does in this case. As noted by TURN, Cal-Am includes the WRAM balances in income for ratemaking purposes, which results in taxable income. However, Cal-Am's calculation of its income for tax reporting purposes excludes the WRAM balances from income, which results in a net operating loss.³²

The issue here is which of Cal-Am's tax positions should be used to determine whether the DPAD is applicable. In this case, because Cal-Am's tax position for ratemaking purposes resulted in income tax, it is reasonable to apply the DPAD to reduce the income tax obligation for ratemaking purposes.

In D.10-11-034, the Great Oaks Water Company general rate case, the Commission approved DRA's calculation of the DPAD. DRA uses the same methodology here as in the Great Oaks general rate case. DRA's methodology is supported by TURN. Cal-Am proposed a methodology in its initial application, but its rebuttal testimony claims that it is ineligible for the DPAD. As explained above, we disagree. Therefore we find DRA's DPAD methodology reasonable and we adopt it here.³³

³² TURN Opening Brief at 12.

³³ We note there is a pending application for rehearing of D.10-11-034. Today's decision does not and is not intended to prejudge the issues in the rehearing application, which will be addressed in a subsequent Commission Decision.

8.2.2. Cal-Am Repairs Deduction FIN 48³⁴

This issue is no longer in dispute. In its reply brief, Cal-Am stated that it had inadvertently excluded the FIN 48 in its original application and it will accept its full repairs deduction which will increase deferred taxes.³⁵ On that basis, Cal-Am should remove from rate base the increased accumulated deferred income tax for 2010, 2011 and 2012 associated with its FIN 48 recorded deferred income tax.

8.2.3. Bonus Depreciation

Bonus depreciation is a result of the Economic Stimulus Act of 2008 (2008 Act) and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (2010 Act). The Acts permit a company to take deductions for investment in certain property recently purchased or acquired and placed into service. The 2008 Act added section 168(k) to the Internal Revenue Code that allows a company to take a 50% deduction or bonus depreciation of the adjusted basis of qualified property. The 2010 Act extended the 2008 Act and increased the deduction amount to 100%.

According to Internal Revenue Code Section 168(k)(2)(D)(iii), “taxpayers” are entitled to “elect” whether or not to take bonus depreciation at the legal entity level. Additionally, pursuant to Cal. Rev. & Tax Code § 24349, California does not allow bonus depreciation to be claimed on a California State income tax return.

³⁴ FIN stands for Federal Accounting Standards Board Interpretation Number.

³⁵ Cal-Am Opening Brief at 19.

71. Cal-Am should recover group insurance expense based on the labor escalation rate pursuant D.04-06-018.

**Special Request #11 - Business Transformation
Memorandum Account**

72. Cal-Am's request for a memorandum account to track the difference between the business transformation project's original costs and actual costs is not reasonable.

73. Cal-Am's original estimate of the business transformation costs is reasonable.

74. Cal- original estimate of business transformation project costs should be moved into rate base via a Tier 2 advice letter filing once each phase is complete, used, and useful.

75. Cal-Am's projected savings from the business transformation project are reasonable.

76. Cal-Am's projected savings for 2012 from each phase of the business transformation project should be included in its initial Tier 2 advice letter filings as offsets to the costs associated with the rate base additions. The projected savings for 2013 and 2014 should be reflected as expense offsets in the 2013 and 2014 attrition advice letter filings.

77. The next general rate case should include a review of the business transformation project for savings that are projected by Cal-Am to occur after this rate case cycle.

O R D E R

IT IS ORDERED that:

1. The joint motion of California-American Water Company and the

operation and maintenance cost of the Pureflow System is included in California-American Water Company's revenue requirement.

20. California-American Water Company's revenue requirement will include \$793,210 to provide Supervisory Control and Data Acquisition to sites not currently covered.

21. California-American Water Company's taxable income shall be reduced by the Domestic Production Activities Deduction calculated using the Division of Ratepayer Advocates' methodology.

22. California-American Water Company will take the repairs deduction Federal Accounting Standards Board Interpretation Number (FIN) 48 and remove from rate base the increased accumulated deferred income tax for 2010, 2011 and 2012 associated with its FIN 48 recorded deferred income tax.

23. California-American Water Company may file a Tier 2 advice letter seeking amortization of its Water Revenue Adjustment Mechanism balance in the Monterey County District once it has removed billing adjustments from the Water Revenue Adjustment Mechanism account and complies with the Division of Water and Audits instructions contained in the letters rejecting advice letters 735 and 838.

24. California-American Water Company's labor and labor-related expenses are reduced by 22 positions to account for ongoing vacancies.

25. California-American Water Company shall continue its pension expense balancing account to track and recover the difference between the level of pension expenses authorized in rates and the actual costs. California-American Water Company's recovery for ratemaking purposes shall be capped at the minimum level of expenses calculated according to the minimum funding levels

ORIGINAL

2012
[Handwritten signature]
Laeb

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR)
AUTHORITY TO INCREASE ITS RATES) CAUSE NO. 44022
AND CHARGES FOR WATER AND)
SEWER UTILITY SERVICE AND FOR)
APPROVAL OF NEW SCHEDULES OF) APPROVED:
RATES AND CHARGES APPLICABLE)
THERE TO)

JUN 06 2012

ORDER OF THE COMMISSION

Presiding Officers:
Carolene Mays, Commissioner
Jeffery A. Earl, Administrative Law Judge

Company an avenue to build partnerships with businesses, communities, and consumers. He stated these activities allow the Company to participate in organizations that guide building and construction standards as well as provide a forum to discuss plans, coordinate building activities and promote programs like water conservation to consumers, fellow utility members, and business and government leaders. Mr. VerDouw testified that such participation benefits the Company's customers and serves to open up communication lines to customers. He then explained that \$2,398 of Ms. Stull's adjustment was for three events that she classifies as non-work related meals when, in fact, they were meals for leadership meetings and training events held for Indiana-American managers and employees. Of Ms. Stull's proposed reduction to General Office Expense, Mr. VerDouw identified \$1,434 as payments to floral shops for flowers sent to employees who were hospitalized and/or to the families of Indiana-American employees when a loved one passed away. Although he believes these payments are a necessary cost of doing business, Mr. VerDouw stated he was willing to concede on this portion of Ms. Stull's adjustment. Accordingly, Mr. VerDouw stated the appropriate adjustment for additional disputable expenses is to reflect a reduction of \$1,434 to General Office Expense.

Petitioner's total pro forma General Office Expense on rebuttal was \$1,339,364.

(d) **Commission Discussion and Findings.** The Parties have agreed that no adjustment should be made to eliminate \$838 of miscellaneous test-year general-office expense for reimbursements for various employee expenses. We conclude these costs are proper expenses to recover through rates.

The Commission also agrees with Ms. Stull's proposed adjustment to eliminate an additional \$13,907 of non-allowed General Office Expenses. In Cause No. 43680, we denied recovery of dues and membership fees in various community organizations, and we remain unconvinced that membership in such associations and organizations is necessary for the provision of utility service to ratepayers. With respect to employee meals at leadership meetings and training sessions, we find it is not reasonable to ask ratepayers to fund these meals in light of the current state of the economy. During the field hearings in this case, we heard from many members of the public who told us how much they have already sacrificed to pay their bills. As Petitioner asks us to approve significant increases in one of those bills, we find it is appropriate for the Company to make sacrifices as well, especially when those sacrifices do not compromise its ability to provide quality utility service. Therefore, we conclude that Petitioner's General Office Expense adjustment is \$17,904 as a decrease in test-year expense.

(11) **Taxes.**

(a) **Federal Income Tax.**

(i) **Petitioner's Position.** Petitioner calculated its pro forma federal income tax expense utilizing the Muncie Remand Method. This is a long-standing practice of Petitioner, which reflects the impact of its inclusion in a consolidated federal income tax return. The Muncie Remand Method allocates a portion of American Water's interest deduction to Petitioner for purposes of computing tax expense, thereby providing a tax benefit to customers. The interest allocated under this procedure was \$3,929,964 and this reduced tax expense by \$1,375,487.

(ii) **OUCC's Position.** Mr. Smith explained that Indiana-American is a participant in the American Water consolidated federal income tax return, and thus does not pay federal income taxes directly to the government. He added that when Indiana-American shows a positive current federal income tax obligation, it remits the money to American Water, which in turn may or may not remit an income tax payment to the federal government depending on the results of its consolidated federal income tax return. Based on the information available in the rate case, Mr. Smith said Indiana-American has not had an obligation to pay federal income taxes in recent years. Mr. Smith noted that any federal tax liability on the American Water consolidated return would be paid by American Water. Mr. Smith noted that Indiana-American's responses to OUCC 52-051(e) and (f) indicated that Indiana-American did not pay any 2009 federal income tax and did not expect to pay any 2010 federal income tax. However, in this rate request, Petitioner has reflected positive federal taxable income and positive current federal income tax expense. Mr. Smith noted that subsequent discovery responses provided by Petitioner indicate that American Water did not pay 2009 or 2010 federal income taxes and that it does not expect to pay 2011 federal income tax. Mr. Smith noted also that American Water reported in its 2010 Securities and Exchange Commission ("SEC") form 10-K that it had a federal NOLC in excess \$1.185 billion as of December 31, 2010, which grew from approximately \$1.124 billion as of December 31, 2009.

Mr. Smith noted the amounts that Indiana-American recorded on its books related to the American Water federal NOLC as of December 31, 2009 and 2010, respectively, are listed in the Company's confidential response to OUCC 52-039. Mr. Smith also noted that in another response Petitioner stated that based on current tax law, Indiana-American currently anticipates that American Water will pay alternative minimum tax in 2011. Mr. Smith stated that Indiana-American does not know if American Water will pay federal income taxes in any year, 2012 through 2015, but anticipates the parent company will pay only alternative minimum tax in each of those years. Mr. Smith noted that American Water did not pay federal alternative minimum tax in 2010. He added that Indiana-American stated no analysis has been done to project alternative minimum tax liability for 2011-2015." Thus, there is no reliable basis for concluding that American Water is likely to pay federal alternative minimum tax in any year in that period.

Mr. Smith noted that Indiana-American's income tax calculations for ratemaking purposes reflect that it would have positive state and federal taxable income. Thus, he noted Petitioner has included a positive amount for current state and federal income tax expense in its rate increase request. Mr. Smith noted that Petitioner has reflected a reduction to current federal income tax expense of \$1,375,487 related to a tax deduction for interest on parent company debt. Mr. Smith added that Petitioner determined the amount of its equity capital that was supported by American Water debt, and computed an interest deduction for the parent company debt of \$3,929,964, which Indiana-American multiplied by the 35% federal income tax rate to obtain the reduction to current income tax expense for parent company debt interest of \$1,375,487.

Mr. Smith advised that in a data request response, Petitioner explained that American Water does not allocate interest expense (or any other parent company expenses) to the operating companies for either book or tax purposes. For ratemaking purposes, Indiana-American advised in a discovery response that Petitioner uses the "Muncie Remand Method" to reflect the impact of participating in the consolidated federal income tax return. Mr. Smith noted language from the Commission's Order in Cause No. 37176 states as follows:

The Petitioner is a subsidiary of American Water Works Company, Inc. (AWW). As such it joins with AWW and other affiliated companies in filing a consolidated federal income tax return. Both the Petitioner and the Staff reduced the Petitioner's federal income tax expense allowable for ratemaking purposes by allocating a portion of AWW's interest expense to the Petitioner, thereby reducing taxable income. The same type of adjustment has been made in rate proceedings of other AWW subsidiaries. The method which was used was set forth by the Commission in its Supplemental Order on Remand dated September 16, 1981 in Cause No. 34571 involving Muncie Water Works Company. The Commission hereby takes administrative notice of the Supplemental Order on Remand in Cause No. 34571 and the methodology employed therein. The Commission finds and determine [sic] that such methodology accurately reflects the tax benefits resulting from the Petitioner's participation in the filing of a consolidated tax return, and should be used in this proceeding.

Indiana-American Water Co., 1983 Ind. PUC LEXIS 86, at *12-13 (Pub. Serv. Comm'n of Ind. Nov. 23, 1983).

Mr. Smith advised that the parent company interest deduction does not fully reflect the tax benefits resulting from Indiana-American's current participation in the consolidated income tax return. Rather, he noted it only reflects a sharing of the tax savings relating to the parent company interest deduction. To fully reflect the tax benefits from participation in a consolidated federal income tax return for ratemaking purposes, Mr. Smith stated it is necessary to make a consolidated federal income tax savings adjustment.

Mr. Smith explained that consolidated income tax savings adjustments are made in jurisdictions where Indiana-American's affiliates are regulated including Pennsylvania, New Jersey, and West Virginia. Of those, he was most familiar with the consolidated tax savings adjustments made in Pennsylvania and West Virginia, having participated in recent rate cases involving the American Water utility-operating subsidiaries in those states. Previously, a consolidated tax savings adjustment had also been made for the American Water utility-operating subsidiary in Kentucky; however, that adjustment was discontinued in the most recent Kentucky-American Water Company rate case.

Mr. Smith also discussed the impacts from filing a consolidated federal income tax return. Mr. Smith explained that the Consolidated Tax Savings Adjustment reflects the consolidated tax savings that result from Indiana-American's participation in a consolidated federal income tax return. Based on the four-year period, 2007 through 2010, Indiana-American had total positive federal taxable income of \$24,545,225, which was 6.0% of the total positive federal taxable incomes on the American Water consolidated federal income tax returns of \$409,318,033. During that period, the losses from non-regulated affiliate tax loss companies amounted to \$447,038,088. Mr. Smith noted Indiana-American's share of those, based on its 6.0% of total positive taxable income amounted to \$26,822,285, and the federal income tax benefit at the 35% statutory rate totaled \$9,387,800. He added that the average benefit over the four-year period to Indiana-American is \$2,346,950. Therefore, Indiana-American's share of the consolidated income tax savings are \$2.347 million. Mr. Smith explained that because a portion of the benefit of participating in a consolidated federal income tax return has already been

reflected by Indiana-American in its calculation of the parent company debt interest deduction, only the additional consolidated income tax savings above that amount are being reflected as an adjustment in the OUCC's calculation of current federal income tax expense. The net amount of consolidated tax savings adjustment is \$908,681.

Mr. Smith explained that Indiana-American computed federal income tax expense for the test period by applying a 35% federal income tax rate to the Company's determination of the test period's taxable income. He noted this is referred to as the "stand-alone" method, which assumes that the Company files a separate federal income tax return. Mr. Smith reiterated the fact that Petitioner reflected a deduction for parent company debt interest in computing its proposed current federal income tax expense for rate making purposes. He described that as the single exception to Indiana-American's use of a "stand-alone" or "separate return" method for computing its requested income tax expense for ratemaking purposes.

Mr. Smith noted Indiana-American does not actually file a separate federal income tax return. Rather, Indiana-American is part of the consolidated federal income tax return that is filed by American Water to minimize its federal income tax liability. Mr. Smith explained a consolidated income tax return generates tax savings because some members of the consolidated group generate tax losses, and these tax losses are used to offset a portion of the taxable income generated by the other affiliates, such as Indiana-American, to reduce income taxes payable for the entire consolidated entity. Mr. Smith noted that without a consolidated filing, it could take several years under the carry-forward and carry-back provisions of the Internal Revenue Code ("IRC") for recurring loss companies to fully realize tax savings. Without combining those recurring loss companies into a consolidated tax return with other companies that generate positive taxable income, such savings might not be realized. Mr. Smith testified that by filing a consolidated return, the consolidated entity, American Water, as a whole is able to realize, in the current tax year, the tax benefits generated by the loss companies.

Mr. Smith asserted that Indiana-American's ratepayers should share in the tax savings realized from the consolidated federal income tax filings. To that end, Mr. Smith stated that Indiana-American's ratepayers should only reimburse the Company for actual income taxes paid. He noted that if the tax savings from the consolidated income tax filings do not flow through to the Indiana-American ratepayers on an appropriate, proportionate basis, the ratepayers will pay rates that are higher than necessary to compensate Indiana-American for its actual costs. He therefore recommended that an appropriate consolidated income tax benefit be calculated for Indiana-American and reflected as a reduction to its current federal income tax expense in this case.

To calculate the consolidated income tax benefit adjustment for Indiana-American, Mr. Smith used the "effective tax rate" method, which is the exact same method that has been applied in the five Pennsylvania-American Water Company rate cases (four wastewater and one water) that Mr. Smith has participated in as an expert witness in the past two years. The only exception is that the calculation for Petitioner can include actual 2010 federal income tax results for American Water, which have become available as the result of American Water filing its consolidated federal income tax return for tax year 2010 by September 15, 2011. First, he considered the combined annual taxable income of all of the consolidated group members (including both regulated and non-regulated group members) with positive taxable income. He

examined the four years 2007 through 2010, obtaining information from Indiana-American's confidential response to OUCC data request 52-065, which listed the taxable income and tax losses each year for Indiana-American and each regulated and non-regulated affiliate that participates in the American Water consolidated federal income tax return. He then calculated for each year the ratio of Indiana-American's positive taxable income in that year to the total of all positive taxable income by consolidated group members. Next, he determined the combined annual taxable losses of all non-regulated group members for each year. Regulated group members with tax losses were not used in the analysis because such tax losses were not considered to be recurring events, and it is generally considered inappropriate to share the tax losses of a regulated utility with another regulated utility in a different jurisdiction. He then applied the Indiana-American ratio to the combined annual tax loss amounts from the non-regulated affiliates to arrive at the annual tax losses that should be allocated to Indiana-American in order to calculate Indiana-American's share of tax benefits produced by the consolidated income tax return filing. Finally, Mr. Smith applied the federal income tax rate of 35% to the average consolidated tax loss benefits allocated to Indiana-American. This calculation indicates a normalized consolidated tax savings benefit for Indiana-American of \$2,346,950 on a four-year average basis.

Mr. Smith explained that the calculation of the consolidated tax savings adjustment he derived for Petitioner is generally consistent with the derivation of the consolidated income tax savings adjustments in recent rate cases involving Indiana-American's affiliates in West Virginia and Pennsylvania, where consolidated tax savings adjustments have been made. For the Indiana-American calculation, the American Water consolidated federal income tax return for 2010 was filed by September 15, 2011; so, 2010 information is currently available, and he used it in the calculation shown on his Attachment LA-2, Schedule 2.

In the event that his proposed consolidated tax savings adjustment is not accepted, Mr. Smith proposed that an adjustment should be made to impute a domestic production deduction ("Section 199 Deduction"). He testified that, to the extent Indiana-American has positive federal taxable income on a separate return basis and otherwise qualifies, the Company would be eligible to claim a deduction under Section 199 of the IRC for domestic production activities. Because Indiana-American has its own water supply and treats the water, such activities qualify and would render Indiana-American eligible for the deduction if it has positive taxable income and meets the other requirements. He testified that, if his proposed consolidated tax savings adjustment is rejected and Indiana-American's current federal income tax expense is calculated primarily on a separate return basis, then the Section 199 Deduction should also be calculated on a separate return basis. Mr. Smith calculated a stand-alone Section 199 Deduction to be \$1,432,402 at Petitioner's proposed rates and \$1,079,763 at the OUCC's proposed rates.

Mr. Smith's final proposed adjustment for federal income taxes was to reduce current federal income tax expense by \$12,841 for the research and development credit based on Petitioner's discovery responses.

(iii) Petitioner's Rebuttal. Mr. Warren accepted Mr. Smith's research and development credit, but he opposed the consolidated tax savings adjustment and the Section 199 Deduction. He testified that, by adhering to the Muncie Remand Method, Petitioner properly reflected the benefits of its participation in a consolidated federal income tax return

under Indiana regulatory practice. He explained that the Muncie Remand Method was this Commission's specific attempt to address the proper ratemaking treatment for Petitioner's participation in a consolidated federal income tax return. In the Muncie Remand Order, the Commission determined that the tax savings from participation in a consolidated return were limited to the tax deduction taken by the parent company for its interest expense and rejected a method very much like that proposed by Mr. Smith. Mr. Warren testified that Mr. Smith's proposed adjustment is based on the tax results of the operations of non-regulated affiliates having nothing to do with the provision of regulated service to Indiana customers. Mr. Warren testified there were three major reasons for his disagreement with Mr. Smith's proposal. First, this Commission specifically considered and definitively rejected such a proposal in the Muncie Remand Method case. Second, his calculation is demonstrably one-sided. Mr. Smith imports tax losses from affiliates for the benefit of Indiana-American when Indiana-American has taxable income and the affiliates have tax losses. However, Mr. Smith does not export Indiana-American's tax losses to affiliates when Indiana-American has tax losses and those members have taxable income. Third, he believes it is neither economically justifiable nor equitable to reflect in ratemaking the tax consequences of expenses that are not, themselves, reflected in ratemaking. Mr. Warren testified that he knows of only four jurisdictions where consolidated tax savings adjustments are made. The only one that uses a method like that proposed by Mr. Smith is Pennsylvania - and that method was mandated by the Pennsylvania courts.

Mr. Warren further provided an example of why, philosophically, he opposes consolidated tax savings adjustments generally. If Indiana-American were to make a charitable contribution to a food bank, which is non-recoverable in rates, no party would contend that the benefit of the tax deduction for the charitable contribution should be allocated to ratepayers. However, under Mr. Smith's proposed consolidated tax savings adjustment, if an affiliate of Indiana-American made precisely the same charitable contribution, ratepayers could be allocated all or a portion of the benefit of that tax deduction. In his opinion, there is no justification for this inconsistency. Further, when a consolidated tax savings adjustment is imposed, the results of non-jurisdictional operations will have a direct effect on the setting of jurisdictional rates. A consolidated tax savings adjustment will reduce rates only if non-regulated affiliates produce tax losses. Conversely, if the Company's non-regulated affiliates begin to produce taxable income, the Company's revenue requirement will increase even if regulated operations do not change. Thus, decisions having tax implications that a non-regulated company makes in the normal course of business have the potential to impact customer rates.

As for the Section 199 Deduction, Mr. Warren testified that this is a very complex mechanism Congress enacted to provide a tax subsidy for certain domestic production activities. American Water presently does not qualify for a Section 199 Deduction - not because it does not engage in the requisite activities, but because the deduction is limited to consolidated taxable income. Largely due to bonus depreciation and the Repairs Method Change, American Water has no consolidated taxable income. Since the Section 199 Deduction is computed only on a consolidated basis, he testified that there is no deduction to allocate. Mr. Smith proposes to impute a tax deduction that does not exist in the tax law. Mr. Warren further explained that, even accepting, for the sake of argument, Mr. Smith's assertion that a commission could reasonably impute a Section 199 Deduction where it computes tax expense on a "stand-alone" basis, in Indiana, that is not the way tax expense is computed. The Muncie Remand Method is not a stand-alone approach to taxes but rather an attempt to account for the savings from

participation in a consolidated income tax return. He further had two disagreements with Mr. Smith's calculation of the Section 199 Deduction adjustment. First, Mr. Smith failed to take account of Indiana-American's stand-alone NOLC which must be absorbed before Indiana-American would qualify for a Section 199 Deduction on a stand-alone basis. Second, Mr. Smith would need to make assumptions that no party has made about deductions that will be taken on the tax return in years during which rates will be in effect in order to determine that Indiana-American would even qualify for the Section 199 Deduction on a stand-alone basis.

(iv) **Commission Findings.** As noted, Petitioner has accepted Mr. Smith's research and development credit adjustment, and we accept that portion of Mr. Smith's proposed adjustments. With respect to the proposed consolidated tax savings adjustment, we have previously determined that tax savings from participation in a consolidated return are limited to the tax deduction taken by the parent company on its interest expense. We use the following procedure to compute the parent company interest allocation: 1) compute the parent company's long-term debt to equity ratio; 2) multiply the Indiana utility's equity amount by the results of step 1; 3) calculate the parent company's average cost of long-term debt; and 4) multiply the results in steps 2 and 3. The result represents the interest expense on that portion of the parent company's debt that supports investment in the Indiana utility. The tax benefits of this amount should be allocated to the Indiana utility to determine its federal income tax expense for rate-making purposes. *Muncie Remand Order*, 1981 Ind. PUC LEXIS 246, at *37-38.

We have relied on this method for computing the benefits from participation in a consolidated federal income tax return for over thirty years. The precedent results from a remand from the Court of Appeals directing us to undertake such an effort. We continue to be concerned about the allocation to Indiana ratepayers of either the tax burden or the tax savings of out-of-state affiliated companies. The effect of the OUCC's proposed consolidated tax savings adjustment would be to change Petitioner's revenue requirement due solely to the activities of affiliate companies. Therefore, we reject the OUCC's proposed consolidated tax savings adjustment and adhere to the Muncie Remand Method.

We further reject the Section 199 Deduction adjustment because that adjustment assumes a stand-alone income tax expense calculation. Insofar as we continue to employ the Muncie Remand Method, we do not utilize a stand-alone calculation. As a result, it is inappropriate to impute the Section 199 Deduction on a stand-alone basis.

(b) **General Taxes.**

(i) **Petitioner's Position.** The Company proposed five adjustments totaling a \$1,130,374 increase to test-year general tax expense. The first was to payroll tax expense based on the pro forma level of wages. The second was to the Safe Drinking Water Act fee based on test-year accounts and rates. The third and fourth adjustments were for the IURC fee and utility receipts tax based on pro forma level of revenues. The final adjustment was to property taxes. Mr. VerDouw explained that property taxes were adjusted based on a calculation that starts with property taxes paid in 2010, determines the ratio of property taxes to total utility plant in-service on December 31, 2009, and applies that same ratio to utility plant in service on June 30, 2011, including the major project. The pro forma adjustment to property tax expense increased general taxes by \$768,267.

Line No.	Description	At Current Rates	At Proposed Rates
1	Operating Revenues	\$ 252,596,866	\$ 301,873,924
2	Less: Operating Expenses less Uncollectibles	\$ 115,519,924	\$ 116,076,305
3	Uncollectibles	\$ 2,867,553	\$ 2,867,553
4	Depreciation (tax normalized)	\$ 39,886,695	\$ 39,886,695
5	Amortization	\$ 529,161	\$ 529,161
6	Permanent Taxable Differences	\$ (336,106)	\$ (336,106)
7	Tax over Book Depreciation	\$ (2,566)	\$ (2,566)
8	Repairs Deduction	\$ 73,541,400	\$ 73,541,400
9	Synchronized Interest	\$ 27,490,070	\$ 27,490,070
10	Taxes - Other Than Income	\$ 17,832,191	\$ 17,832,191
11	Federal Taxable Income before DPAD*	\$ (24,731,456)	\$ 23,989,221
12	% Production Activity ***	15.40%	15.40%
13	Domestic Production Gross Receipts	\$ (3,808,443)	\$ 3,694,145
14	Pumped Water % (see calculation below)	99.10%	99.10%
15	Qualified Production Activity Income	\$ (3,774,229)	\$ 3,660,958
16	DPAD % **	9%	9%
17	Calculated Domestic Production Activities Deduction	\$ -	\$ 329,486
OR BELOW WHICHEVER IS LESS			
18	Total Payroll	\$ 29,223,604	\$ 29,223,604
19	% Production Activity ***	15.40%	15.40%
20	Production Activity Wages	\$ 4,500,198	\$ 4,500,198
21	Deduction % Allowed**	50.00%	50.00%
22	Calculated Domestic Production Activities Deduction	\$ 2,250,099	\$ 2,250,099
23	DPAD for "Separate Return" Basis Ratemaking Calculation	\$0	\$329,486
24	Federal Income Tax Rate	35%	
25	Reduction to Current Federal Income Tax Expense for DPAD	\$ -	\$ 115,320

Notes and Source

Amounts above from MAWC Filing Schedules CAS-9 and CAS-10

* If Federal Taxable Income is less than zero than no calculation is made for DPAD.

** Per IRS regulations

*** Per page 2 of this Schedule "Production Activities - Water Operations"

Line 16, Pumped Water Percent:	Gallons (000's)	Gallons (000's)
26 Purchased Water^	664,327	664,327
27 Pumped Water^	73,282,663	73,282,663
28 Total Production	73,946,990	73,946,990
29 Pumped Water %	99.10%	99.10%

^ The gallons associated with MAWC's purchased and pumped water were provided by Company witness Jeanne Tinsley

Line No.	P.U.C. Account No.	Description	Test Year		Update To Amounts Included in MAWC Filing	Type	
			Ended 12/31/2014				
Utility Plant in Service							
1	301	Organization	\$	243,430	\$	241,452	
2	302	Franchise & Consents	\$	43,698	\$	43,698	
3	303	Miscellaneous Intangible Plant Studies	\$	1,484,215	\$	1,855,368	
4		TOTAL LAND & INTANGIBLES	\$	1,771,343	\$	2,140,518	O
5	310	Land & Land Rights	\$	1,739,118	\$	1,739,118	
6	311	Structures and Improvements	\$	15,968,852	\$	15,999,640	
7	312	Collecting & Impound. Reservoirs	\$	119,689	\$	119,689	
8	313	Lake, River and Other Intake	\$	7,342,569	\$	7,342,569	
9	315	Wells & Springs	\$	7,255,485	\$	7,309,378	
10	316	Supply Mains	\$	22,279,840	\$	22,279,840	
11	317	Other Source of Supply Plant	\$	1,730	\$	1,730	
12		TOTAL SOURCE OF SUPPLY	\$	54,707,283	\$	54,791,964	P
13	320	Pumping Land & Land Rights	\$	366,787	\$	366,787	
14	321	Pumping Structures & Improvements	\$	18,459,979	\$	18,459,979	
15	323	Force Mains	\$	2,804,952	\$	3,077,285	
16	324	Steam Pumping Equipment	\$	10,627	\$	10,627	
17	325	Electric Pumping Equipment	\$	54,170,041	\$	63,554,548	
18	326	Diesel Pumping Equipment	\$	2,386,937	\$	2,386,937	
19	327	Pump Equip Hydraulic	\$	495,863	\$	495,863	
20	328	Other Pumping Equipment	\$	2,674,654	\$	2,674,654	
21		TOTAL PUMPING PLANT	\$	81,369,840	\$	91,026,680	TD
22	330	Water Treatment Land & Land Rights	\$	2,316,283	\$	2,316,283	
23	331	Water Structures & Improvements	\$	104,799,803	\$	110,697,213	
24	332	Water Treatment Equipment	\$	109,789,439	\$	124,684,338	
25	332.4	Water Treatment Equipment - Filter Plant	\$	3,851,895	\$	3,851,895	
26	333	Water Treatment - Other	\$	1,473,221	\$	1,473,221	
27		TOTAL WATER TREATMENT	\$	222,230,641	\$	243,022,950	P
28	340	Transmission & Distribution Land	\$	4,804,251	\$	4,804,462	
29	341	T&D Structures & Improvements	\$	8,316,696	\$	8,316,643	
30	342	Distribution Reservoirs & Standpipes	\$	29,367,445	\$	31,331,178	
31	343	Transmission & Distribution Mains Conv	\$	34,548,045	\$	100,945,404	
32	343.1	T&D Mains - < 4"	\$	20,204,130	\$	20,203,999	
33	343.2	T&D Mains - 6" to 8"	\$	707,357,308	\$	707,344,721	
34	343.3	T&D Mains - < 10"	\$	402,440,272	\$	402,430,286	
35	344	Fire Mains	\$	595,477	\$	595,477	
36	345	Services	\$	41,044,208	\$	43,422,458	
37	346.1	Meters - Bronze Case	\$	18,863,848	\$	18,863,848	
38	346.2	Meters - Plastic Case	\$	1,618,368	\$	1,618,368	
39	346.3	Meters - Not Class by Type	\$	68,139,400	\$	80,288,485	
40	347	Meter Installations	\$	28,215,011	\$	28,215,011	
41	348	Hydrants	\$	74,533,229	\$	76,244,757	
42	349	Other T & D Plant	\$	37,653	\$	37,653	
43		TOTAL TRANS & DIST PLANT	\$	1,440,085,341	\$	1,524,662,750	TD
44	389	General Land & Land Rights	\$	389,178	\$	389,178	
45	390	Stores Shops Equipment Structures	\$	10,702,501	\$	12,087,202	
46	390.1	Office Structures	\$	4,295,468	\$	6,892,940	
47	390.2	General Structures - HVAC	\$	210,538	\$	1,373,395	
48	390.3	Miscellaneous Structures	\$	3,702,252	\$	3,702,252	
49	390.9	Structures and Improvements - Leasehold	\$	18,989	\$	18,989	
50	391	Office Furniture and Equipment	\$	1,352,789	\$	1,351,351	
51	391.2	Computers & Peripheral Equipment	\$	4,129,077	\$	9,439,484	
52	391.25	Computer Software	\$	51,959,503	\$	51,430,445	
53	391.3	Other Office Equipment	\$	551,217	\$	551,217	
54	392.1	Transportation Equipment - Light Trucks	\$	1,491,286	\$	6,289,404	
55	392.2	Transportation Equipment - Heavy Trucks	\$	4,386,982	\$	4,386,982	
56	392.3	Transportation Equipment - Cars	\$	1,313,904	\$	1,311,222	
57	392.4	Transportation Equipment - Other	\$	3,544,141	\$	3,544,035	
58	393	Stores Equipment	\$	714,331	\$	714,331	
59	394	Tools, Shop & Garage Equipment	\$	6,675,735	\$	7,955,765	
60	395	Laboratory Equipment	\$	1,268,593	\$	1,268,593	
61	396	Power Operated Equipment	\$	1,446,782	\$	1,446,782	
62	397	Communication Equipment	\$	3,669,352	\$	4,763,428	
63	397.2	Telephone Equipment	\$	70,292	\$	70,251	
64	398	Miscellaneous Equipment	\$	2,398,351	\$	2,968,479	
65	399	Other Tangible Property	\$	50,434	\$	50,434	
66		TOTAL GENERAL PLANT	\$	104,341,695	\$	122,006,159	O
67		TOTAL UTILITY PLANT	\$	1,904,506,143	\$	2,037,651,021	
68	P=	PRODUCTION PLANT	\$	276,937,924	\$	297,814,914	P
69	TD=	TRANSMISSION/DISTRIBUTION PLANT	\$	1,521,455,181	\$	1,615,689,430	TD
70	O=	OTHER PLANT	\$	106,113,038	\$	124,146,677	O
71		TOTAL	\$	1,904,506,143	\$	2,037,651,021	
72		ALLOC OTH TO PROD & TD					
73		PRODUCTION	\$	16,340,546	\$	19,322,001	
74		TRANSMISSION/DISTRIBUTION PLANT	\$	89,772,492	\$	104,824,676	
75		TOTAL OTHER	\$	106,113,038	\$	124,146,677	
76		PRODUCTION	\$	293,278,470	\$	317,136,915	
77		TRANSMISSION/DISTRIBUTION PLANT	\$	1,611,227,673	\$	1,720,514,106	
78		TOTAL	\$	1,904,506,143	\$	2,037,651,021	
79		% PRODUCTION		15.40%		15.56%	
80		% TRANSMISSION/DISTRIBUTION PLANT		84.60%		84.44%	
81		% TOTAL		100.00%		100.00%	

Notes and Source
 Amounts from MAWC Filing Schedule CAS-4

Missouri American Water Company
Case No. WR-2015-0301/SR-2015-0302
Copies of Non-Confidential Material Referenced in the
Direct Testimony and Schedules of
Ralph C. Smith

Document	Subject	Confidential	No. of Pages	Page No.
OPC 5003	Actual total Business Transformation Program costs and the actual amount allocated to MAWC incurred during the period 2009-2014.	No	1	2
OPC 5015	MAWC's confirmation that the SAP software platform is a fully integrated system.	No	1	3
OPC 5012	AWWSC is licensed to use all of the BT related software applications; AWE owns and operates separate finance, accounting, management of asset lifecycle, customer service, customer billing, and strategic planning systems, which satisfy the market-based operational needs.	No	1	4
OPC 5007	Business Transformation related depreciation or amortization expense that is recorded monthly, during the test year by month and by Business Transformation component, and the derivation of the Business Transformation depreciation expense by component that was included in the Company's filing.	No	4	5 - 8
MoPSC 0182	Summary of Business Transformation Program expenditures from the beginning of the project through current.	No	11	9 - 19
OPC 5038	MAWC opted out of bonus tax depreciation in years 2011 and 2013; MAWC's confirmation that NOLs can be carried forward for 20 years; MAWC's reasoning for opting out of bonus tax depreciation for years 2011 and 2013; Amount of Federal and State Income tax and current and proposed rates; Amount of NOL of MAWC and AWWC for each year 2011 through 2014 and September 30, 2015; Explanation of how the amount of NOLs were determined; Amount of federal taxable income for MAWC for the first year of new rates in the current rate case if the requested revenue increase was granted in full. (Without Highly Confidential Attachment)	No	6	20 - 25
OPC 5039	MAWC provided a detailed listing by plant account of all plant and equipment added in 2014 and identified all plant and equipment having a MACRS recovery period of 20 years or less; MAWC claimed 2014 bonus tax depreciation and agrees that it would increase ADIT and reduce rate base; MAWC provided calculations showing the impact of 2012, 2013, and 2014 bonus tax depreciation, as well as Form 4562 from MAWC's 2014, 2013, and 2012 federal proforma, which shows the bonus depreciation amount taken.	No	7	26 - 32
Total Pages Including Content Page			32	

**DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2015-0301 / WR-2015-0302**

Requested From: Tim Luft
Date Requested: 10/14/15

Information Requested:

Business Transformation (BT). Refer to the Direct Testimony of Company witness VerDouw at page 15 (lines 19-21) and Schedule GMV-1. Mr. VerDouw states that the cost of the BT to MAWC is estimated to be \$46.5 million and that the overall total BT cost are estimated to be \$326.2 million to American Water Works. However, Schedule GMV-1 indicates that these amounts, as well as the BT costs allocated to other American Water affiliates, have been incurred during the period 2009 through 2014.

- a. Since Schedule GMV-1 reflects BT costs incurred over the six-year period 2009- 2014, please clarify whether these amounts reflect actual or estimated costs. If the costs are estimates, explain fully and in detail why actual costs are not known six years into the BT program.

Requested By: Jere Buckman – Office of Public Counsel – jere.buckman@ded.mo.gov

Information Provided:

The costs reflected on Schedule GMV-1 are actual costs. This is reflected as “estimated” on Mr. VerDouw’s testimony due to the numbers being rounded to the nearest \$100,000.

DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2015-0301 / WR-2015-0302

Requested From: Tim Luft
Date Requested: 10/14/15

Information Requested:

Business Transformation (BT). Are there any BT systems that do not use the SAP software platform? If not, explain fully why not. If so, identify each BT system that does not use the SAP software platform.

Requested By: Jere Buckman – Office of Public Counsel – jere.buckman@ded.mo.gov

Information Provided:

No, it is a fully integrated system.

**DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2015-0301 / WR-2015-0302**

Requested From: Tim Luft
Date Requested: 10/14/15

Information Requested:

Do any AWWC non-regulated operations or subsidiary companies have any licenses for any of the software that is included in the AWWC BT program?

- a. If not, explain fully why not.
- b. If so, identify each license related to the BT program that is held by each AWWC non-regulated operation or subsidiary.

Requested By: Jere Buckman – Office of Public Counsel – jere.buckman@ded.mo.gov

Information Provided:

American Water Works Service Company, Inc. is licensed to use all of the BT related software applications. The BT systems are designed for American Water's regulated utilities, and American Water Company's "non-regulated" or market-based affiliates. American Water Enterprises ("AWE") owns and operates separate finance, accounting, management of asset lifecycle, customer service, customer billing and strategic planning systems, which satisfy the market-based operational needs.

**DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2015-0301 / WR-2015-0302**

Requested From: Tim Luft
Date Requested: 10/14/15

Information Requested:

Business Transformation (BT). Refer to the Direct Testimony of Company witness VerDouw at page 20 (lines 3-4). Mr. VerDouw stated that the Company has included \$46.5 million in rate base related to the BT program and that depreciation or amortization expense is recorded monthly. Please provide the BT related depreciation or amortization expense that was recorded during the test year by month and by BT component. In addition, show the BT depreciation expense by component that was included in the Company's filing and show how this amount was derived. Show detailed calculations.

Requested By: Jere Buckman – Office of Public Counsel – jere.buckman@ded.mo.gov

Information Provided:

Please refer to OPC 5007_Attachment for details.

Line Number	Component	Current Depr Rate	Test Year UPIS Balances														
			Beg Balance	2014 January	2014 February	2014 March	2014 April	2014 May	2014 June	2014 July	2014 August	2014 September	2014 October	2014 November	2014 December		
1	Comprehensive Planning Study ("CPS")																
2	339600-Other P/E-CPS	0.00%	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759	\$63,759
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340300-Computer Software	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	340310-Comp Software Mainframe	5.00%	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912	60,912
4	340330-Comp Software Other	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5																	
6	CPS Subtotal (Total of Lines 2. - 5.):		124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671	124,671
7																	
8	Enterprise Resource Planning ("ERP")																
9	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	429	429	429	429	429	429	429	429	429	429	429	429	429	429	429
	340300-Computer Software	20.00%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
10	340310-Comp Software Mainframe	5.00%	16,704,954	16,715,472	16,864,743	16,872,900	17,631,860	17,636,465	17,637,418	17,633,970	17,634,465	17,636,641	17,662,533	17,663,967	17,664,339	17,664,339	17,664,339
11	340330-Comp Software Other	20.00%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
12																	
13	ERP Subtotal (Total of Lines 9. - 12.):		16,705,382	16,715,900	16,865,172	16,873,328	17,632,289	17,636,894	17,637,847	17,634,399	17,634,894	17,637,070	17,662,962	17,664,395	17,664,768	17,664,768	17,664,768
14																	
15	Enterprise Asset Management ("EAM")																
16	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340300-Computer Software	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	340310-Comp Software Mainframe	5.00%	10,008,576	10,112,931	10,105,377	10,142,285	10,122,787	10,124,413	10,128,397	10,142,437	10,142,203	10,145,146	10,141,309	10,142,461	10,133,319	10,133,319	10,133,319
18	340330-Comp Software Other	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19																	
20	EAM Subtotal (Total of Lines 16. - 19.):		10,008,576	10,112,931	10,105,377	10,142,285	10,122,787	10,124,413	10,128,397	10,142,437	10,142,203	10,145,146	10,141,309	10,142,461	10,133,319	10,133,319	10,133,319
21																	
22	Customer Information Systems ("CIS")																
23	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340300-Computer Software	20.00%	1,366,506	1,366,506	0	0	0	0	0	0	0	0	0	0	0	0	0
24	340310-Comp Software Mainframe	5.00%	12,371,193	12,557,120	14,053,903	14,245,643	14,345,383	14,451,662	14,570,638	14,659,157	14,693,648	14,721,264	14,707,326	14,714,461	14,703,928	14,703,928	14,703,928
25	340330-Comp Software Other	20.00%	52,969	52,969	0	0	0	0	0	0	0	0	0	0	0	0	0
26																	
27	CIS Subtotal (Total of Lines 23. - 26.):		13,790,668	13,976,595	14,053,903	14,245,643	14,345,383	14,451,662	14,570,638	14,659,157	14,693,648	14,721,264	14,707,326	14,714,461	14,703,928	14,703,928	14,703,928
28																	
29	Controls/Organizational Integration																
30	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	340300-Computer Software	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	340310-Comp Software Mainframe	5.00%	3,842,888	3,842,976	3,842,918	3,843,101	3,843,153	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116
32	340330-Comp Software Other	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33																	
34	Controls/OI Subtotal (Total of Lines 30. - 33.):		3,842,888	3,842,976	3,842,918	3,843,101	3,843,153	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116	3,843,116
35																	
36																	
37	BT Grand Total - (Line 6+Line 13+ Line 20+ Line 27+ Line 34):		\$44,472,186	\$44,773,074	\$44,992,041	\$45,229,029	\$46,068,283	\$46,180,755	\$46,304,668	\$46,403,779	\$46,438,531	\$46,471,267	\$46,479,383	\$46,489,104	\$46,469,801	\$46,469,801	\$46,469,801
38																	

Line Number	Component	Current Depr Rate	Beg Balance x	Jan 2014 x	Feb 2014 x	Mar 2014 x	Apr 2014 x	May 2014 x	Jun 2014 x	Jul 2014 x	Aug 2014 x	Sep 2014 x	Oct 2014 x	Nov 2014 x	Sum of 12
			Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12
Actual Test Year Expense															
			2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
			January	February	March	April	May	June	July	August	September	October	November	December	Total Year
1	Comprehensive Planning Study ("CPS")														
2	339600-Other P/E-CPS	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
3	340300-Computer Software	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
4	340310-Comp Software Mainframe	5.00%	254	254	254	254	254	254	254	254	254	254	254	254	3,046
5	340330-Comp Software Other	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
6	CPS Subtotal (Total of Lines 2. - 5.):		254	254	254	254	254	254	254	254	254	254	254	254	3,046
7															
8	Enterprise Resource Planning ("ERP")														
9	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	7	7	7	7	7	7	7	7	7	7	7	7	86
10	340300-Computer Software	20.00%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
11	340310-Comp Software Mainframe	5.00%	69,604	69,648	70,270	70,304	73,466	73,485	73,489	73,475	73,477	73,486	73,594	73,600	867,897
12	340330-Comp Software Other	20.00%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
13	ERP Subtotal (Total of Lines 9. - 12.):		69,611	69,655	70,277	70,311	73,473	73,492	73,496	73,482	73,484	73,493	73,601	73,607	867,983
14															
15	Enterprise Asset Management ("EAM")														
16	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
17	340300-Computer Software	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
18	340310-Comp Software Mainframe	5.00%	41,702	42,137	42,106	42,260	42,178	42,185	42,202	42,260	42,259	42,271	42,255	42,260	506,076
19	340330-Comp Software Other	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
20	EAM Subtotal (Total of Lines 16. - 19.):		41,702	42,137	42,106	42,260	42,178	42,185	42,202	42,260	42,259	42,271	42,255	42,260	506,076
21															
22	Customer Information Systems ("CIS")														
23	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
24	340300-Computer Software	20.00%	22,775	22,775	0	0	0	0	0	0	0	0	0	0	45,550
25	340310-Comp Software Mainframe	5.00%	51,547	52,321	58,558	59,357	59,772	60,215	60,711	61,080	61,224	61,339	61,281	61,310	708,714
26	340330-Comp Software Other	20.00%	883	883	0	0	0	0	0	0	0	0	0	0	1,766
27	CIS Subtotal (Total of Lines 23. - 26.):		75,205	75,979	58,558	59,357	59,772	60,215	60,711	61,080	61,224	61,339	61,281	61,310	756,030
28															
29	Controls/Organizational Integration														
30	339600-Other P/E-CPS	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
31	340300-Computer Software	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
32	340310-Comp Software Mainframe	5.00%	16,012	16,012	16,012	16,013	16,013	16,013	16,013	16,013	16,013	16,013	16,013	16,013	192,154
33	340330-Comp Software Other	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Controls/OI Subtotal (Total of Lines 30. - 33.):		16,012	16,012	16,012	16,013	16,013	16,013	16,013	16,013	16,013	16,013	16,013	16,013	192,154
35															
36															
37	BT Grand Total - (Line 6+Line 13+ Line 20+ Line 27+ Line 34):		\$202,784	\$204,038	\$187,207	\$188,194	\$191,691	\$192,160	\$192,676	\$193,089	\$193,234	\$193,370	\$193,404	\$193,444	\$2,325,289
38															

Line Number	Component	Proposed Depr Rate	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Dec 2014 x	Sum of 12 months
			Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	Current Depr Rate/12	
Proposed Test Year Expense																
			2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2016	Total Year
			February	March	April	May	June	July	August	September	October	November	December	January		
1	Comprehensive Planning Study ("CPS")															
2	339600-Other P/E-CPS	3.03%	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$1,932
3	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	340300-Computer Software	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	340310-Comp Software Mainframe	10.00%	508	508	508	508	508	508	508	508	508	508	508	508	508	6,091
5	340330-Comp Software Other	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	CPS Subtotal (Total of Lines 2. - 5.):		669	669	669	669	669	669	669	669	669	669	669	669	669	8,023
7																
8	Enterprise Resource Planning ("ERP")															
9	339600-Other P/E-CPS	3.03%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	340200-Comp & Periph Equip	20.00%	7	7	7	7	7	7	7	7	7	7	7	7	7	86
11	340300-Computer Software	10.00%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
12	340310-Comp Software Mainframe	10.00%	147,203	147,203	147,203	147,203	147,203	147,203	147,203	147,203	147,203	147,203	147,203	147,203	147,203	1,766,434
12	340330-Comp Software Other	10.00%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
13	ERP Subtotal (Total of Lines 9. - 12.):		147,210	147,210	147,210	147,210	147,210	147,210	147,210	147,210	147,210	147,210	147,210	147,210	147,210	1,766,520
14																
15	Enterprise Asset Management ("EAM")															
16	339600-Other P/E-CPS	3.03%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	340300-Computer Software	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	340310-Comp Software Mainframe	10.00%	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	1,013,332
19	340330-Comp Software Other	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	EAM Subtotal (Total of Lines 16. - 19.):		84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	84,444	1,013,332
21																
22	Customer Information Systems ("CIS")															
23	339600-Other P/E-CPS	3.03%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	340300-Computer Software	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	340310-Comp Software Mainframe	10.00%	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	1,470,393
26	340330-Comp Software Other	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	CIS Subtotal (Total of Lines 23. - 26.):		122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	122,533	1,470,393
28																
29	Controls/Organizational Integration															
30	339600-Other P/E-CPS	3.03%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	340200-Comp & Periph Equip	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	340300-Computer Software	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	340310-Comp Software Mainframe	10.00%	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	384,312
33	340330-Comp Software Other	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Controls/OI Subtotal (Total of Lines 30. - 33.):		32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	32,026	384,312
35																
36																
37	BT Grand Total - (Line 6+Line 13+ Line 20+ Line 27+ Line 34):		\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$386,882	\$4,642,579
38																

Missouri Public Service Commission

Respond Data Request

Data Request No.	0182
Company Name	Missouri-American Water Company-(Water)
Case/Tracking No.	WR-2015-0301
Date Requested	9/1/2015
Issue	General Information & Miscellaneous - Other General Info & Misc.
Requested From	Jeanne Tinsley
Requested By	Kevin Thompson
Brief Description	Business Transformation Program related amounts
Description	For each of the following, please provide the information on an American Water and Missouri American basis separately: 1) provide, by month, by FERC account all amounts expended on the Business Transformation Program from the beginning of the project through current. Update by month through January 31, 2016 as information becomes available. Summarize all capital and expense items separately. Also identify amounts for hardware costs, software costs, training costs, and all other categories of cost that exist in regards to this project; 2) provide a categorization of the costs expended to date on the Business Transformation Program by type, such as consulting fees, upfront licensing, internal labor, overhead, taxes and interest that was capitalized and for all other categorizations that exist. Provide a copy of all supporting summary work order authorizations that summarize all of these costs; 3) for all cost categories identified in item 2 above, provide a detailed description of what these costs represent; 4) provide a categorization of all costs incurred to date, broken down between capital and expense, by vendor, by month; 5) for each vendor identified in item 4 above, describe what goods or services were provided in regards to the program. Requested by: Lisa Hanneken (lisa.hanneken@psc.mo.gov)
Response	Please refer to MoPSC W0182_Attachment for a summarization of costs. Due to the voluminous nature of the requested items, the additional information requested above will be available for review at the Company's office at a mutually agreed upon time.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **WR-2015-0301** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Missouri-American Water Company-(Water)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the

document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Missouri-American Water Company-(Water)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security : Public

Rationale : NA

Missouri American Water Company
Response to MoPSC W0182
Business Transformation Project Expenditures
As of 06/30/2015

Consolidated Totals (ERP, EAM, and CIS in Total)

Line Number	Description	Year							
		Total	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
1									
2	Labor								
3	Internal - Business	\$72,586,411	\$0	\$3,759,263	\$16,764,163	\$26,608,303	\$20,896,461	\$4,547,380	\$10,840
4	External - Other	149,526,366	0	9,118,324	57,483,972	54,148,156	26,123,614	2,652,812	(511)
5	Labor Subtotal (Total of Lines 2. - 3.):	<u>222,112,777</u>	<u>0</u>	<u>12,877,587</u>	<u>74,248,135</u>	<u>80,756,459</u>	<u>47,020,075</u>	<u>7,200,192</u>	<u>10,329</u>
6									
7	Employee Expenses	7,912,030	0	901,902	1,772,878	1,887,205	3,219,999	130,045	0
8	Hardware	13,228,102	0	0	6,615,361	5,430,598	1,182,143	0	0
9	Software	25,721,977	0	12,087,247	8,263,718	3,667,286	1,448,258	255,468	0
10	Program Operations	7,974,668	0	711,166	946,883	2,089,145	3,276,207	948,198	3,069
11	Comprehensive Planning Study	6,361,764	5,719,850	641,914	0	0	0	0	0
12	BT Subtotal (Lines 4. + Lines 5. - 10.):	<u>283,311,318</u>	<u>5,719,850</u>	<u>27,219,817</u>	<u>91,846,974</u>	<u>93,830,693</u>	<u>56,146,682</u>	<u>8,533,904</u>	<u>13,398</u>
13									
14	Other								
15	AFUDC - BT	18,333,281	111,091	995,150	4,050,839	7,236,895	4,388,017	133,174	1,418,114
16	Total BT (Line 11. + Line 13.):	<u>301,644,598</u>	<u>5,830,941</u>	<u>28,214,967</u>	<u>95,897,813</u>	<u>101,067,588</u>	<u>60,534,700</u>	<u>8,667,078</u>	<u>1,431,512</u>
17									
18	BT Controls/Organizational Integration	25,146,325	0	0	7,964,697	13,599,314	3,580,804	1,446	65
19	BT Controls/Organizational Integration - AFUDC	966,000	0	0	30,042	618,940	317,019	0	0
20	Total BT Controls/Organizational Integration (Line 15. + Line 16.):	<u>26,112,325</u>	<u>0</u>	<u>0</u>	<u>7,994,738</u>	<u>14,218,253</u>	<u>3,897,823</u>	<u>1,446</u>	<u>65</u>
21									
22	BT Grand Total - American Water (Line 14. + Line 17.):	<u>\$327,756,924</u>	<u>\$5,830,941</u>	<u>\$28,214,967</u>	<u>\$103,892,551</u>	<u>\$115,285,841</u>	<u>\$64,432,522</u>	<u>\$8,668,524</u>	<u>\$1,431,578</u>
23									
24									
25									

Missouri American Water Company
Response to MoPSC W0182
Business Transformation Project Expenditures
As of 06/30/2015

Enterprise Resource Planning ("ERP")

Line Number	Description	Year							
		Total	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
1									
2	Labor								
3	Internal - Business	\$28,616,388	\$0	\$2,127,866	\$9,948,295	\$15,001,111	\$1,522,326	\$16,791	\$3,091
4	External - Other	69,429,417	0	3,636,740	31,350,026	30,676,199	2,726,006	1,040,446	32
5	Labor Subtotal (Total of Lines 2. - 3.):	98,045,805	0	5,764,606	41,298,321	45,677,310	4,248,331	1,057,237	3,124
6									
7	Employee Expenses	2,320,268	0	448,491	782,737	620,958	467,615	467	0
8	Hardware	11,092,306	0	0	6,487,873	4,318,172	286,260	0	0
9	Software	10,156,459	0	3,796,425	4,139,233	1,505,689	459,642	255,468	0
10	Program Operations	2,910,209	0	403,215	528,086	1,419,674	490,073	69,160	577
11	Comprehensive Planning Study	3,178,893	2,905,721	273,173	0	0	0	0	0
12	BT Subtotal (Lines 4. + Lines 5. - 10.):	127,703,941	2,905,721	10,685,910	53,236,250	53,541,804	5,951,922	1,382,333	3,701
13									
14	Other								
15	AFUDC - BT	5,669,815	55,634	387,985	1,918,569	2,761,227	413,417	132,983	646,397
16	Total BT (Line 11. + Line 13.):	133,373,756	2,961,355	11,073,895	55,154,819	56,303,031	6,365,339	1,515,316	650,098
17									
18	BT Controls/Organizational Integration	15,102,519	0	0	4,612,514	9,268,900	1,232,117	(11,012)	43
19	BT Controls/Organizational Integration - AFUDC	305,967	0	0	20,132	280,964	4,871	0	0
20	Total BT Controls/Organizational Integration (Line 15. + Line 16.):	15,408,486	0	0	4,632,647	9,549,865	1,236,987	(11,012)	43
21									
22	BT Grand Total - American Water (Line 14. + Line 17.):	\$148,782,242	\$2,961,355	\$11,073,895	\$59,787,466	\$65,852,896	\$7,602,327	\$1,504,304	\$650,141
23									
24									
25									

Missouri American Water Company
Response to MoPSC W00182
Business Transformation Project Expenditures
As of 06/30/2015

Customer Information Systems ("CIS")

Line Number	Description	Year							
		Total	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
1									
2	Labor								
3	Internal	\$27,281,848	\$0	\$1,120,864	\$3,779,215	\$6,424,265	\$11,969,601	\$3,987,903	\$418
4	External	47,790,059	0	3,438,558	13,643,264	12,978,799	16,110,610	1,618,828	(543)
5	Labor Subtotal (Total of Lines 2. - 3.):	<u>75,071,907</u>	<u>0</u>	<u>4,559,422</u>	<u>17,422,479</u>	<u>19,403,064</u>	<u>28,080,211</u>	<u>5,606,730</u>	<u>(125)</u>
6									
7	Employee Expenses	3,316,501	0	261,074	634,634	894,529	1,465,363	60,901	0
8	Hardware	161,248	0	0	0	160,876	372	0	0
9	Software	9,934,874	0	6,064,822	2,281,016	1,179,115	409,921	0	0
10	Program Operations	3,441,755	0	211,249	222,901	494,596	1,854,421	658,588	1,089
11	Comprehensive Planning Study	1,081,022	841,598	239,424	0	0	0	0	0
12	BT Subtotal (Lines 4. + Lines 5. - 10.):	<u>93,007,308</u>	<u>841,598</u>	<u>11,335,991</u>	<u>20,561,031</u>	<u>22,132,181</u>	<u>31,810,288</u>	<u>6,326,219</u>	<u>964</u>
13									
14	Other								
15	AFUDC - BT	6,594,892	17,881	397,298	1,347,590	2,560,021	2,272,053	49	447,162
16	Total BT (Line 11. + Line 13.):	<u>99,602,200</u>	<u>859,480</u>	<u>11,733,289</u>	<u>21,908,621</u>	<u>24,692,201</u>	<u>34,082,341</u>	<u>6,326,268</u>	<u>448,126</u>
17									
18	BT Controls/Organizational Integration	5,332,886	0	0	1,731,895	2,206,713	1,389,211	5,067	22
19	BT Controls/Organizational Integration - AFUDC	340,381	0	0	5,309	172,281	162,792	0	0
20	Total BT Controls/Organizational Integration (Line 15. + Line 16.):	<u>5,673,267</u>	<u>0</u>	<u>0</u>	<u>1,737,204</u>	<u>2,378,994</u>	<u>1,552,002</u>	<u>5,067</u>	<u>22</u>
21									
22	BT Grand Total - American Water (Line 14. + Line 17.):	<u>\$105,275,467</u>	<u>\$859,480</u>	<u>\$11,733,289</u>	<u>\$23,645,825</u>	<u>\$27,071,195</u>	<u>\$35,634,344</u>	<u>\$6,331,335</u>	<u>\$448,148</u>
23									
24									
25									

Missouri American Water Company
Response to MoPSC W00182
Business Transformation Project Expenditures
As of 06/30/2015

Enterprise Asset Management ("EAM")

Line Number	Description	Year							
		Total	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
1									
2	Labor								
3	Internal - Business	\$16,677,335	\$0	\$510,533	\$3,036,653	\$5,182,928	\$7,404,535	\$542,686	\$7,331
4	External - Other	32,307,400	0	2,043,025	12,490,682	10,493,157	7,286,998	(6,462)	0
5	Labor Subtotal (Total of Lines 2. - 3.):	48,984,735	0	2,553,558	15,527,335	15,676,085	14,691,532	536,225	7,331
6									
7	Employee Expenses	2,275,261	0	192,338	355,506	371,719	1,287,021	68,677	0
8	Hardware	1,974,547	0	0	127,487	951,549	895,511	0	0
9	Software	5,630,644	0	2,226,000	1,843,468	982,481	578,695	0	0
10	Program Operations	1,619,635	0	96,702	195,896	174,874	931,712	220,450	1,402
11	Comprehensive Planning Study	2,101,848	1,972,531	129,318	0	0	0	0	0
12	BT Subtotal (Lines 4. + Lines 5. - 10.):	62,586,670	1,972,531	5,197,916	18,049,693	18,156,708	18,384,472	825,351	8,733
13									
14	Other								
15	AFUDC - BT	4,650,459	37,576	209,867	784,680	1,915,648	1,702,547	142	324,556
16	Total BT (Line 11. + Line 13.):	67,237,129	2,010,107	5,407,782	18,834,372	20,072,356	20,087,019	825,493	333,289
17									
18	BT Controls/Organizational Integration	4,710,855	0	0	1,620,287	2,123,700	959,476	7,392	0
19	BT Controls/Organizational Integration - AFUDC	319,653	0	0	4,601	165,695	149,357	0	0
20	Total BT Controls/Organizational Integration (Line 15. + Line 16.):	5,030,507	0	0	1,624,888	2,289,394	1,108,833	7,392	0
21									
22	BT Grand Total - American Water (Line 14. + Line 17.):	\$72,267,637	\$2,010,107	\$5,407,782	\$20,459,261	\$22,361,750	\$21,195,852	\$832,885	\$333,289
23									
24									
25									

Missouri American Water Company
Response to MoPSC W00182
Business Transformation Project Expenditures
As of 06/30/2015

Consolidated Totals By AW Subsidiary and Account

Line Number	Account	Sub Account	Account Description	1010-Indiana American Water Co	1011-Iowa American Water Co	1012-Kentucky American Water Co	1013-Maryland American Water Co	1015-California American Water Co	1016-Michigan American Water Co	1017-Missouri American Water Co
1	10700000		CWIP	\$467,391	\$117,509	\$228,809	\$9,438	\$238,576	\$4,754	\$706,017
2	12130003	121298	Capital Lease 3 Year							
3	12130004	121299	Capital Lease 4 Year							
4	12130005	121300	Capital Lease 5 Year							
5	12130007	121301	Capital Lease 7 Year							
6	18689900		Reg Asset - Other	7,170,944						
7	18713000		LT Asset - Prelim Survey & Investigation							
8	10133910/10633910	339600	Other P/E-CPS	59	122,100		10,021		6,952	63,759
9	10134010/10634010	340100	Office Furniture & Equip							
10	10134010/10634010	340200	Comp & Periph Equip							1,636
11	10134010/10634010	340300	Computer Software	20,972,942	6,035,797	112,864	489,951			
12	10134010/10634010	340310	Comp Software Mainframe					17,543,911	143,133	46,410,907
13	10134010/10634010	340315	Computer Software Special			11,944,407				
14	10139000/10639000	390300	WW Computer Software							
15	10134010/10634010	3403XX	Capitalized Overhead Credit		(59,664)		(4,907)	(166,876)		(442,086)
16	52501600		Misc Oper - Admin & General					408,332		
17	53409999		AWWSC Services - Conversion							
18	59011000		Gains/Losses Non-Utility Property Disposals							
19	59011500		Gains/Losses Non-Utility Property Sales							
20			Total Project Costs	\$28,611,336	\$6,215,742	\$12,286,079	\$504,503	\$18,023,943	\$154,839	\$46,740,234
21										
22										
23										
24										
25										

Missouri American Water Company
Response to MoPSC W00182
Business Transformation Project Expenditures
As of 06/30/2015

Consolidated Totals By AW Subsidiary and Account

Line Number	Account	Sub Account	Account Description	1018-New Jersey American Water Co	1024-Pennsylvania American Water Co	1025-Illinois American Water Co	1026-Tennessee American Water Co	1027-Virginia American Water Co	1028-West Virginia American WaterCo	1030-Hawaii American Water Co
1	10700000		CWIP							
2	12130003	121298	Capital Lease 3 Year	\$929,343	\$901,734	\$395,204	\$141,132	\$81,962	\$310,460	\$16,743
3	12130004	121299	Capital Lease 4 Year							
4	12130005	121300	Capital Lease 5 Year							
5	12130007	121301	Capital Lease 7 Year							
6	18689900		Reg Asset - Other							
7	18713000		LT Asset - Prelim Survey & Investigation						0	0
8	10133910/10633910	339600	Other P/E-CPS	1,282,786	1,258,916	588,301	149,654	108,761		
9	10134010/10634010	340100	Office Furniture & Equip			5,318				
10	10134010/10634010	340200	Comp & Periph Equip							
11	10134010/10634010	340300	Computer Software	64,654,844		29,271,469				
12	10134010/10634010	340310	Comp Software Mainframe		62,011,448			5,306,136	17,241,281	
13	10134010/10634010	340315	Computer Software Special				7,304,430			
14	10139000/10639000	390300	WW Computer Software							993,014
15	10134010/10634010	3403XX	Capitalized Overhead Credit	(631,424)	(635,801)	(296,530)				(9,730)
16	52501600		Misc Oper - Admin & General							
17	53409999		AWWSC Services - Conversion			93,611				
18	59011000		Gains/Losses Non-Utility Property Disposals							
19	59011500		Gains/Losses Non-Utility Property Sales							
20			Total Project Costs	\$66,235,549	\$63,536,297	\$30,057,373	\$7,595,217	\$5,496,860	\$17,551,741	\$1,000,028
21										
22										
23										
24										
25										

Missouri American Water Company
Response to MoPSC W00182
Business Transformation Project Expenditures
As of 06/30/2015

Consolidated Totals By AW Subsidiary and Account

Line Number	Account	Sub Account	Account Description	Water Works ServiceCo	1038-New York American Water Co	2019-New Mexico American Water Co	2022-Ohio American Water Co	2023-Arizona American Water Co	2050-Texas American Water Co	Total Project Costs
1	10700000		CWIP		\$197,082					\$4,746,156
2	12130003	121298	Capital Lease 3 Year	2,833,362						2,833,362
3	12130004	121299	Capital Lease 4 Year	8,135,506						8,135,506
4	12130005	121300	Capital Lease 5 Year	64,338						64,338
5	12130007	121301	Capital Lease 7 Year	61,558						61,558
6	18689900		Reg Asset - Other							7,170,944
7	18713000		LT Asset - Prelim Survey & Investigation							0
8	10133910/10633910	339600	Other P/E-CPS		147,989					3,739,299
9	10134010/10634010	340100	Office Furniture & Equip							5,318
10	10134010/10634010	340200	Comp & Periph Equip							1,636
11	10134010/10634010	340300	Computer Software		9,345,507					130,883,372
12	10134010/10634010	340310	Comp Software Mainframe							148,656,817
13	10134010/10634010	340315	Computer Software Special							19,248,837
14	10139000/10639000	390300	WW Computer Software							993,014
15	10134010/10634010	3403XX	Capitalized Overhead Credit		(83,005)					(2,330,023)
16	52501600		Misc Oper - Admin & General							408,332
17	53409999		AWWSC Services - Conversion							93,611
18	59011000		Gains/Losses Non-Utility Property Disposals	444						444
19	59011500		Gains/Losses Non-Utility Property Sales			176,969	1,242,142	1,614,467	10,824	3,044,402
20			Total Project Costs	\$11,095,209	\$9,607,573	\$176,969	\$1,242,142	\$1,614,467	\$10,824	\$327,756,924
21										
22										
23										
24										
25										

Missouri American Water Company
 Response to MoPSC W00182
 Business Transformation Project Expenditures
 As of 06/30/2015

External - Other By Vendor

Line Number	Vendor	Amount
1	Aasonn LLC	\$8,000
2	Accenture LLP	100,021,002
3	Accountants International	3,690
4	Accu Staffing Services	535,352
5	Aerotek Inc	117,063
6	Anexinet	135,000
7	Applied Water Management Inc -	11,225
8	Aurionpro Solutions Inc	141,836
9	BackOffice Associates LLC	9,920,075
10	Basis Technologies Inc	22,596
11	Career Concepts Inc	21,721
12	CBTeam	2,550
13	Classic Graphics Inc	12,748
14	Communication Research Associates	814,722
15	Comptech Universal Inc	7,000
16	Computer Financial Consultants	3,416,435
17	Datamatic Ltd	5,300
18	Diamond Technologies Inc	202,228
19	DJB ERP Solutions LLC	175,106
20	Embark to Solutions Inc	289,448
21	Emerson Personnel Group	22,505
22	Environmental Systems Research	978,772
23	Ernst & Young	3,627,699
24	Five Point Partners LLC	111,225
25	Gartner Inc	140,000
26	Goss, Darvas E	178,524
27	Gotham Technology Group LLC	8,430
28	Grom Associates Inc	1,051,858
29	Hackett Group	65,912
30	Hawthorne Associates Inc	770,957
31	IDModeling Inc	3,497
32	Impact Services	551,455
33	Infor Global Solutions Inc	8,336
34	Insight	95,313
35	Kay Toon Design	2,226
36	KPMG LLP	71,614
37	Kronos Inc	2,143,901
38	Laurel Hill GIS Inc	12,480
39	Liberty Contract Services	599,266
40	Littler Mendelson PC	29,291
41	Malikco LLC	475,382
42	Micro Enterprises NJ Inc	9,504
43	Moore, Karen G	72,708
44	mPower Managed Services LLC	15,500
45	Ogletree Deakins Nash Smoak &	262,588
46	Orasi Software Inc	94,196
47	Pactera Technologies NA Inc	333,152
48	Partners Consulting Inc	1,730,806
49	PowerPlan Consultants Inc	7,900
50	Price WaterhouseCoopers LLP	88,654
51	Regulus Integrated Solutions L	13,810
52	Resources Global	60,077
53	Robert Half	16,938
54	SAP	11,331,429

Missouri American Water Company
Response to MoPSC W00182
Business Transformation Project Expenditures
As of 06/30/2015

External - Other By Vendor

Line Number	Vendor	Amount
55	Scalfo Electric	5,442
56	SECURICON LLC	403,286
57	Six Sigma Academy	2,047,061
58	Speedy Apple Enterprises Inc	27,505
59	SuccessFactors Inc	173,196
60	Tek Systems	1,001,083
61	Thompson & Knight LLP	193,633
62	Tom Baker Consulting LLC	49,300
63	Towers Watson PA Inc	481,439
64	Trintech Inc	79,653
65	Triviumsoft	15,698
66	UC4 Software Inc	55,939
67	Various Adjustments	1,888,888
68	Versatile Systems Inc	7,269
69	Vibrant Fusion LLC	34,990
70	Visual Enterprise Architecture	136,079
71	Volt Management Corp	53,568
72	Windrunner Advertising	160
73	Yoh Services LLC	2,023,175
74		
75		<u><u>\$149,526,366</u></u>
76		
77		
78		
79		
80		

**DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2015-0301 / WR-2015-0302**

Requested From: Tim Luft
Date Requested: 10/14/15

Information Requested:

Did MAWC or American Water Works is opt out of (i.e., not take) bonus tax depreciation in any year (2011 through 2014)? If so, explain fully, and for each year for which AWWC or MAWC did not claim full available amounts of bonus tax depreciation, provide the following information:

- a. Please confirm that any tax NOL can be carried forward for 20 years to reduce future income taxes. If this cannot be confirmed, explain fully why this is not the case.
- b. Please provide all analysis performed by or for American Water Works and for MAWC comparing the projected results of
 - (1) claiming bonus tax depreciation and
 - (2) non claiming bonus tax depreciation for each year. Include all assumptions and supporting workpapers.
- c. Please provide all American Water Works and MAWC projections of taxable income that were used to evaluate whether using bonus tax depreciation that could be claimed in each year will result in overall tax savings during each tax year of the 20 year NOL carry forward period.
- d. How does MAWC propose to compensate Missouri ratepayers for any imprudence effects and/or higher revenue requirements for each year of the 20 year NOL carry forward period related to the parent company decision to not use bonus tax depreciation in each year that bonus tax depreciation was available but was not claimed by MAWC? Explain fully and show in detail.
- e. How much current income tax expense is MAWC claiming in the current case for the test year, before and after its requested revenue increase?
- f. What amount of tax NOL did MAWC have as of each date: 12/31/2011, 12/31/2012, 12/31/2013 12/31/2014 and 9/30/2015?
- g. Show in detail how the MAWC tax NOLs as of 12/31/2014 and 6/30/2015 were determined.
- h. What amount of tax NOL does American Water Works Company have as of each date: 12/31/2011, 12/31/2012, 12/31/2013, 12/31/2014 and 6/30/2015?
- i. Show in detail how the American Water Works Company tax NOLs as of each date were determined: 12/31/2011, 12/31/2012, 12/31/2013, 12/31/2014 and 9/30/2015.
- j. Show in detail how much federal taxable income MAWC has for the first year of new rates in the current MO rate case as if the Company's requested revenue increase were to be granted in full. Include supporting calculations.
- k. Provide all Excel files, electronically, with formulas and calculations intact, relative to your answers to this data request.

Requested By: Jere Buckman – Office of Public Counsel – jere.buckman@ded.mo.gov

Information Provided:

MAWC and American Water Works opted out of bonus depreciation in tax years 2011 and 2013. In 2011, the bonus depreciation allowed by the IRS to deduct was 100% of qualifying property. It was determined that because the consolidated group already had sufficient net operating losses (NOL's), adding to that would jeopardize its ability to use them in the future, even though the carryforward is 20 years. In 2013, the consolidated group had charitable contribution carryforwards that were going to expire unused if the Company was in a taxable loss position. That would have been an additional tax expense to the Company. Therefore, it was decided to opt out of taking the bonus depreciation.

- a. Yes, federal NOL's can be carried forward for 20 years to reduce future income taxes.
- b. No analysis was done for MAWC, only in consolidation. Please see the file OPC 5038_Attachment 1 Highly Confidential for the 2011 analysis. As stated above, the 2013 decision was mostly due to charitable contributions expiring. Please see the file OPC 5038_Attachment 2, which shows the Company would have had a taxable loss with taking bonus depreciation in 2013.
- c. No analysis was done for MAWC, only in consolidation. Please see the OPC 5038_Attachment 1 Highly Confidential.
- d. The business decision to elect not to take bonus depreciation is not imprudent. As can be seen in the 2011 analysis in the file OPC 5038_Attachment 1 Highly Confidential, the full NOL utilization was projected to be close to the expiration date. Should the NOLs expire, the tax effect is booked to income tax expense. In addition, any additional accumulated deferred income tax liability (ADIT) generated by taking a bonus depreciation deduction would be partially (or fully) offset by the deferred tax asset generated by the NOL. Similarly in 2013, as mentioned above, had the Company taken bonus depreciation in 2013 and created additional taxable loss, a portion of its charitable contribution would have expired and would have created additional tax expense.
- e. Federal income tax at current rates for Federal and State respectively are (\$7,774,691) and (\$1,227,755) at present rates. Federal income and State income tax at proposed rates is \$8,964,056 and \$1,402,614. Please reference schedule CAS-10 TAX in the original case filing.
- f. Please see file OPC 5038_Attachment 3.
- g. Please see file OPC 5038_Attachment 3.
- h. Please see file OPC 5038_Attachment 3.
- i. Please see file OPC 5038_Attachment 3.
- j. The federal taxable income for MAWC for the first year of new rates in the current MO rate case if the requested revenue increase were granted in full would be \$27,020,081. Please reference schedule CAS-10 TAX in the original case filing for detailed calculations.
- k. See referenced attachments above.

Missouri-American Water Company
WR-2015-0301 / WR-2015-0302
Response for OPC 5038 - Attachment 2

2013 Federal Taxable Income / (Loss)

Federal Taxable Income per 2013 Tax Return	112,425,216
Estimated Bonus Depreciation Deduction	<u>(263,000,000)</u>
2013 Federal Taxable Loss after Bonus Depreciation estimate	(150,574,784)

**Missouri-American Water Company
WR-2015-0301 / WR-2015-0302
Response for OPC 5038 - Attachment 3**

Federal Net Operating Loss Carryforward

	2011 Balance	2012 Activity	2012 Balance	2013 Activity	2013 Balance	2014 Activity	2014 Balance
Company							
American Water Works Company, Inc.	(492,671,670)	889,555	(491,782,115)	50,501,269	(441,280,846)	(40,358,013)	(481,638,858)
Missouri-American Water Company	(154,004,599)	1,586,844	(152,417,755)	15,845,362	(136,572,393)	(17,874,497)	(154,446,890)

2015 Estimate Federal Net Operating Loss Carryforward at 06/15/2015

	2014 Balance	Estimated 2015 Activity at 06/30/2015	06/30/2015 Balance
Company			
American Water Works Company, Inc.	(481,638,858)	69,366,726	(412,272,133)
Missouri-American Water Company	(154,446,890)	20,123,711	(134,323,179)

Missouri-American Water Company
WR-2015-0301 / WR-2015-0302
Response for OPC 5038 - Attachment 3

2014 Federal NOL Allocation

Company Name	AWW Taxable Income (Loss) 12/31/2014	Taxable Income Companies	Taxable Loss Companies	Percentage of Loss	Allocation of Loss	2014 Taxable Income / (Loss) After Allocation
American Water Works Company Inc.	(79,468,911)	-	(79,468,911)	37.1663%	40,358,013	(39,110,898)
Missouri-American Water Company	(35,196,649)	-	(35,196,649)	16.4609%	17,874,497	(17,322,152)
Total	(108,587,612)	105,232,115	(213,819,727)			

Missouri-American Water Company
WR-2015-0301 / WR-2015-0302
Response for OPC 5038 - Attachment 3

2015 Estimated Federal NOL Allocation

Company Name	AWW Taxable Income (Loss) 12/31/2014	Percentage of Loss CF	Allocation of Loss
American Water Works Company Inc.	(78,724,944)	50.4953%	(138,733,451)
Missouri-American Water Company	(9,702,971)	14.6490%	(40,247,422)
Total	274,745,027		

**DATA INFORMATION REQUEST
Missouri-American Water Company
WR-2015-0301 / WR-2015-0302**

Requested From: Tim Luft
Date Requested: 10/14/15

Information Requested:

2014 Bonus Tax Depreciation.

- a. Does the Company agree that the availability of 2014 bonus tax depreciation constitutes a known and measurable change for any test years involving 2014 or later periods? If not, explain fully why not.
- b. Please provide a detailed listing by plant account of all plant and equipment added in 2014. Provide the listing in Excel.
- c. Please identify, in the listing provided in response to part "b", all plant and equipment having an MACRS recovery period of 20 years or less, and provide the MACRS recovery period for such property.
- d. Did the Company claim 2014 bonus tax depreciation? If not, explain fully why not.
- e. Does the Company agree that the impact of utilizing the 2014 bonus tax depreciation is a substantial increase in the balance of Accumulated Deferred Income Taxes that offset rate base, and thus a significant decrease to utility rate base? If not, explain fully why not.
- f. Please provide calculations showing the impact of 2012, 2013 and 2014 bonus tax depreciation and include complete supporting calculations and Excel files with all formulas and calculations intact.

Requested By: Jere Buckman – Office of Public Counsel – jere.buckman@ded.mo.gov

Information Provided:

- a. The Company agrees that if bonus depreciation is available for a particular year and the Company takes the deduction, then it should be included in a rate case filing.
- b. See OPC 5039_Attachment 1.
- c. See OPC 5039_Attachment 1.
- d. Yes, and it is included in the rate filing.
- e. Yes, taking a bonus depreciation deduction will, by itself, increase accumulated deferred income taxes (ADIT) and reduce rate base. There are other effects on ADIT related to taking a bonus depreciation deduction, such as net operating loss carryforwards.
- f. Please see OPC 5039_Attachment 2 for the impact on ADIT of 2012, 2013 & 2014 bonus depreciation taken on our tax returns filed. Also see OPC 5039_Attachment 3 for Form 4562 from MO-American Water's federal proforma which shows the bonus depreciation amount taken on line 14.

Missouri-American Water Company
WR-2015-0301 / WR-2015-0302
Response for OPC 5039 - Attachment 1

Powerplant RR Asset Activity Report for Missouri for 2014

	<u>Addition</u>	<u>MACRS Recovery Period</u>
303200-Land & Land Rights-Supply	\$9,218.00	
303300-Land & Land Rights-Pumping		
303400-Land & Land Rights-Treatment		
304100-Struct & Imp-Supply	79,722.63	
304200-Struct & Imp-Pumping	357,157.90	
304300-Struct & Imp-Treatment	2,300,756.89	
304400-Struct & Imp-T&D	(2,262,858.24)	
304500-Struct & Imp-General	1,968,587.41	
304600-Struct & Imp-Offices	467,124.55	
304610-Struct & Imp-HVAC	(767.05)	
304620-Struct & Imp-Leasehold		
304700-Struct & Imp-Store,Shop,Gar	819,956.82	
304800-Struct & Imp-Misc		
305000-Collect & Impound Reservoirs	10,932.19	
306000-Lake, River & Other Intakes		
307000-Wells & Springs	229,794.88	
309000-Supply Mains	118,692.73	
310000-Power Generation Equip	187,925.49	
310200-Boiler Plant Equip P		
311000-Pumping Equipment	818,708.58	
311100-Pump Eq Steam		
311200-Pump Eq Electric	500,935.13	
311300-Pump Eq Diesel		
311500-Pump Eq Other	47,549.11	
311540-Pumping Equipment TD	2,964.36	
320100-WT Equip Non-Media	1,456,650.59	
320200-WT Equip Filter Media	464,966.82	
330000-Dist Reservoirs & Standpipes	408,534.99	
330100-Elevated Tanks & Standpipes	5,836.60	
330200-Ground Level Tanks	47,060.09	
331001-T&D Mains	92,706,891.94	
332000-Fire Mains		
333000-Services	2,740,133.59	
334100-Meters	6,899,004.65	
334200-Meter Installations	185,399.64	
334300-Meter Vaults	99,101.14	
335000-Hydrants	3,359,616.10	
339400-Other P/E-WT Res Hand Equip		
339600-Other P/E-CPS		
340100-Office Furniture & Equip	55,248.46	7
340200-Comp & Periph Equip	1,583,394.11	5
340300-Computer Software	5,010,807.02	3
340400-Data Handling Equipment		7
340500-Other Office Equipment	15,419.89	5
341100-Trans Equip Lt Duty Trks	474,054.26	5
341200-Trans Equip Hvy Duty Trks	1,457,223.68	5
341300-Trans Equip Autos	(1,701,438.20)	5

Missouri-American Water Company
WR-2015-0301 / WR-2015-0302
Response for OPC 5039 - Attachment 1

Powerplant RR Asset Activity Report for Missouri for 2014

	Addition	MACRS Recovery Period
341400-Trans Equip Other	2,746,705.75	5
342000-Stores Equipment	272,260.42	
343000-Tools,Shop,Garage Equip	458,457.82	
344000-Laboratory Equipment	6,262.14	
345000-Power Operated Equipment	28,660.17	
346100-Comm Equip Non-Telephone	(105,159.58)	
346190-Remote Control & Instrument	419,041.33	
346200-Comm Equip Telephone	41,995.64	
347000-Misc Equipment	(529,693.91)	
348000-Other Tangible Property		
353300-WW Land & Ld Rights Pumping	762.00	
354200-WW Struct & Imp Collection	117,193.65	
354300-WW Struct & Imp Pumping	(0.02)	
354400-WW Struct & Imp Treatment	68,605.91	
354500-WW Struct & Imp General	40,347.28	
355200-WW Pwr Gen Equip Collection		
355400-WW Pwr Gen Equip Treatment	2,639.67	
355500-WW Pwr Gen Equip RWTP	3,164.89	
360000-WW Collection Sewers Forced	570,987.80	
361100-WW Collecting Mains	591,753.48	
363000-WW Services Sewer	13,591.35	
370000-WW Receiving Wells	160,209.00	
371100-WW Pump Equip Elect	277,530.92	
371200-WW Pump Equip Oth Pwr	2,011.30	
371300-WW Pump Equip Misc		
380000-WW TD Equipment	360,704.05	
381000-WW Plant Sewers	18,513.63	
389100-WW Oth Plt & Misc Eq Intang		
390000-WW Office Furniture & Equip	250.00	7
390200-WW Computers & Peripheral	584.88	5
391000-WW Trans Equipment	35,960.07	5
392000-WW Stores Equipment		
393000-WW Tool Shop & Garage Equip	10,855.10	
394000-WW Laboratory Equipment	14,184.42	
396000-WW Communication Equip	10,233.37	
397000-WW Misc Equipment	511.24	
Grand Total	\$126,563,430.52	

**Missouri-American Water Company
 WR-2015-0301 / WR-2015-0302
 Response for OPC 5039 - Attachment 2**

Impact of Bonus Depreciation

	Bonus Depreciation Deduction	Accumulated Deferred Income Tax - Asset (Liability) *
2014	(\$23,628,443)	(\$9,229,861)
2013	-	-
2012	(24,716,014)	(9,654,693)

* Blended Tax Rate 39.06%

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2014

Attachment Sequence No. **179**

Department of the Treasury
Internal Revenue Service (99)

▶ **Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.**

▶ **Attach to your tax return.**

Name(s) shown on return

Identifying number

Missouri-American Water Company
Business or activity to which this form relates

44-0578460

General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	23,628,443.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,704,068.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2014	17	37,456,376.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B - Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		2,449,457.	3.000	HY	S/L	257,333.
b 5-year property		1,563,991.	5.000	HY	200 DB	318,379.
c 7-year property		25,521.	7.000	HY	200 DB	3,646.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		20,040,593.	25 yrs.	HY	S/L	400,812.
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property		1,373,390.	39 yrs.	MM	S/L	22,229.

Section C - Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	63,791,286.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

JSA For Paperwork Reduction Act Notice, see separate instructions.
4X2300 2.000

Form **4562** (2014)

0001CN 1MC4

V14-6.5F

44-0578460

16

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2013

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. **179**

Name(s) shown on return

Identifying number

Missouri-American Water Company
Business or activity to which this form relates

44-0578460

General Depreciation and Amortization

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	2,051,493.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	30,266,016.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B - Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		26,268,772.	3.000	HY	S/L	5,114,977.
b 5-year property		1,167,472.	5.000	HY	200 DB	232,921.
c 7-year property		30,203.	7.000	HY	200 DB	4,315.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		19,471,476.	25 yrs.	HY	S/L	389,430.
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property		4,946,850.	39 yrs.	MM	S/L	48,661.

Section C - Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	38,107,813.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Form **4562**

**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No. 1545-0172

2012

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. **179**

Name(s) shown on return

Identifying number

MISSOURI-AMERICAN WATER COMPANY

44-0578460

Business or activity to which this form relates

GENERAL DEPRECIATION AND AMORTIZATION

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	24,716,014.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	2,133,355.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	27,644,643.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		8,593,492.	3.000	MM	S/L	1,003,522.
b 5-year property		1,738,540.	5.000	HY	200 DB	341,324.
c 7-year property		5,290.	7.000	HY	200 DB	756.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		14,429,939.	25 yrs.	HY	S/L	288,599.
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property		5,556,440.	39 yrs.	MM	S/L	50,563.

Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	56,178,776.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

West Virginia-American Water Company
Case No. 15-0676-W-42T
Copies of Confidential Material Referenced in the
Direct Testimony and Schedules of
Ralph C. Smith
****Confidential Information has been REDACTED****

Document	Subject	Confidential information Redacted	No. of Pages	Page No.
MoPSC 0184	Identification of estimated 2014 cost savings and higher costs that were avoided in the areas of finance, customer service center, and supply chain as a result of the implementation of the Business Transformation Program.	Yes	3	2-4
	Total Pages Including Content Page		4	

Missouri Public Service Commission

Respond Data Request

Data Request No.	0184
Company Name	Missouri-American Water Company-(Water)
Case/Tracking No.	WR-2015-0301
Date Requested	9/1/2015
Issue	General Information & Miscellaneous - Other General Info & Misc.
Requested From	Jeanne Tinsley
Requested By	Kevin Thompson
Brief Description	Business Transformation Program cost savings
Description	With regard to the implementation of the Business Transformation Program provide 1) a detailed listing and quantification of all cost savings that are associated with the implementation of the program on an annual going forward basis; 2) all dates or timeframes when these cost savings would be achieved; 3) provide a comprehensive description of each cost savings and a quantification of the actual and expected capital or expense savings that will be realized by Missouri American by month, including all applicable FERC accounts; 4) provide a copy of all supporting documentation and calculations relied upon to support the quantification of all cost savings. Requested by: Lisa Hanneken (lisa.hanneken@psc.mo.gov)
Response	The information requested is deemed highly confidential in accordance with commission rules and we ask that confidentiality is maintained which is consistent with those rules or Section 386.480 RSMo, as the case may be. American Water does not track all cost savings related to the Business Transformation (BT) program. Nevertheless, the Company has identified areas of cost savings in 2014, realized as a result of the Business Transformation program. American Water determined that the anticipated benefits from the implementation of the BT program provided the Company the opportunity to review its organizational structure with the goal of making it more efficient and cost effective. Please see MoPSC W0184_Attachment Highly Confidential, which summarizes the estimated impact of the realignment to MAWC. After the implementation of BT, the Company has realized estimated cost savings as well as avoided higher costs in the areas of Supply Chain, Finance and Customer Service Center. Please see MoPSC W0184_Attachment Highly Confidential, which summarizes both the estimated cost savings and avoided costs.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **WR-2015-0301** before the Commission, any matters are discovered which

would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Missouri-American Water Company-(Water)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Missouri-American Water Company-(Water)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security : Highly Confidential

Rationale : The information requested is deemed highly confidential in accordance with commission rules and we ask that confidentiality is maintained which is consistent with those rules or Section 386.480 RSMo, as the case may be.

**PAGE 4 IS
CONFIDENTIAL AND
HAS BEEN REDACTED**