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Service Commission

Exhibit No.:  
Issues: District Allocation of Costs,  
Business Transformation,  
Service Company Costs  
Witness: Kimberly K. Bolin  
Sponsoring Party: MoPSC Staff  
Type of Exhibit: Surrebuttal Testimony  
Case No.: WR-2015-0301  
Date Testimony Prepared: March 4, 2016

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**AUDITING**

**SURREBUTTAL TESTIMONY**

**OF**

**KIMBERLY K. BOLIN**

Staff Exhibit No. 8  
Date 3-21-16 Reporter TC  
File No. WR-2015-0301

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2015-0301**

Staff Ex 8

Jefferson City, Missouri  
March 2016

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SURREBUTTAL TESTIMONY

OF

KIMBERLY K. BOLIN

MISSOURI-AMERICAN WATER COMPANY

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Surrebuttal Testimony of  
Kimberly K. Bolin

1 expenses for the districts with less than 3,000 customers would be in the range of \$50 per  
2 customer to over \$300 per customer compared to less than \$20 per customer for the larger  
3 districts. Is Ms. Tinsley referring to monthly or annual amounts?

4 A. The range cited in Ms. Tinsley's rebuttal testimony is a **monthly** per  
5 customer range. The Company has proposed to allocate only **\$20 per year** per customer of  
6 corporate and service company costs to its small water and sewer districts with less than  
7 3,000 customers.

8 Q. Is Ms. Tinsley analysis of the allocations per customer correct?

9 A. No, Ms. Tinsley's analysis contains several errors. The Company incorrectly  
10 calculated the Net Utility Plant allocation factor and the Hybrid Massachusetts allocation  
11 factor. The Company used plant values for the larger districts rounded to omit the last three  
12 numerical digits and did not do the same for the smaller district plant values. For example,  
13 the Company's calculation shows the St. Louis district having net utility plant of \$1,019,526  
14 when the correct net utility plant is approximately \$1,019,526,000. However, MAWC  
15 correctly uses net utility plant of \$2,518,975 for Brunswick. This error resulted in MAWC  
16 allocating fewer costs to larger water districts, and more costs to smaller districts. This error  
17 also caused an incorrect calculation of the Hybrid Massachusetts allocation since it uses an  
18 average of the allocation percentages of number of customers, number of employees, and net  
19 utility plant. This allocation factor is used for service company costs and a majority of  
20 corporate A&G costs.

21 Q. What results do the correct allocation factors produce?

22 A. Attached is Schedule KKB-s1 which shows that range referred to in witness  
23 Tinsley's rebuttal testimony, using the correct allocation factors. The small district monthly

Surrebuttal Testimony of  
Kimberly K. Bolin

1 range is \$9.11 to \$57.44 per customer and the large district monthly range is \$7.89 to \$15.15  
2 per customer.

3 Q. What would the monthly allocated costs per customer be under the Company's  
4 proposal to allocate \$20 annually to the small districts?

5 A. Under MAWC's proposal, the monthly allocated costs for customers in small  
6 districts would be \$1.67 per customer per month, while the monthly allocated costs for  
7 customers in large districts would range from \$8.05 to \$15.42. MAWC's proposal would  
8 unjustly assign a disproportion share of these costs to the large districts.

9 Q. In your Schedules KKB-r1 and KKB-r2 attached to your rebuttal, you show  
10 higher allocated costs to the MAWC districts than what you have calculated here. Why are  
11 the allocated amounts higher in your rebuttal testimony?

12 A. The calculations used in my rebuttal testimony included income tax expense as  
13 an allocated cost. For ratemaking purposes, Staff does not allocate income taxes like other  
14 expenses, but instead performs an annualization of the income taxes for each district based  
15 upon the revenue received during the test year and the amount of increased revenue that the  
16 district will receive after new rates set by this rate case go into effect. Attached to this  
17 testimony is Schedule KKB-s2, which shows Staff's allocation of costs without income taxes.

18 Q. On page 27, lines 30-31, Ms. Tinsley states in her rebuttal testimony that "Staff  
19 gave no reason but only stated that it did not assign an annual per customer limit for corporate  
20 allocation to small districts." Why does Staff believe an annual per customer limit is not  
21 needed for corporate and service company allocated costs?

22 A. Staff allocated the test year costs to each district using the appropriate  
23 allocation factor for each cost to determine whether the smaller districts were receiving more

Surrebuttal Testimony of  
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1 allocated costs on a per customer basis than the larger districts. Staff found that the  
2 Parkville Water District had the most per customer allocated costs among the larger districts,  
3 with \$181.81 annually per customer, while ten of the smaller water and sewer districts  
4 had less than \$181.81 annually allocated to their district. In general, the Schedules KKB-s1  
5 and KKB-s2 do not show that a disproportionate amount of corporate A&G and service  
6 company costs would be allocated to the small districts under Staff's proposal of allocating  
7 costs to all districts.

8 Q. What percentage of Service Company and corporate costs would the larger  
9 districts be allocated under Staff's proposed method?

10 A. The larger districts would be allocated 97.8% of total service company and  
11 corporate costs while the smaller districts would be allocated approximately 2.2%.

12 Q. What percentage of Service Company and corporate costs would be allocated  
13 to the districts under MAWC's proposal?

14 A. MAWC would allocate 99.7% of the total service company and corporate costs  
15 to the larger districts, and only 0.3% of those costs to the smaller districts.

16 **BUSINESS TRANSFORMATION**

17 Q. In your rebuttal testimony, you mention that Staff is concerned about the  
18 allocation of Business Transformation costs to Missouri. Is this still true?

19 A. Yes. Based upon inconsistent responses by MAWC to two Staff data requests,  
20 Staff cannot determine the actual cost of the Business Transformation program, and  
21 therefore is unable to determine if the amount allocated to Missouri is correct. Attached as  
22 Schedule KKB-s3 is MAWC's response to Staff Data Request No. 401, which states,  
23 "The amount of Business Transformation Project costs allocated between regulated entities,

Surrebuttal Testimony of  
Kimberly K. Bolin

1 through Service Company, was \$289.5M of which MAWC received \$41.7M.” The response  
2 also refers to Staff Data Request No. 182, which is attached as Schedule KKB-s4. MAWC’s  
3 response to Staff Data Request No. 182, includes an eight page document showing the total  
4 costs of the Business Transformation project as \$327,747,028 (page 1 of the document) with  
5 \$46,739,196 (page 5 of the document) being allocated to Missouri. Staff has issued another  
6 data request concerning this discrepancy.

7 Q. Does Staff believe the Business Transformation costs have been properly  
8 allocated to American Water’s ‘non-regulated’ or ‘market based’ affiliates?

9 A. Staff is unsure at this time. Staff’s position is that it is reasonable to allocate a  
10 portion of the Business Transformation costs to American Water’s non-regulated operations.  
11 Based on the responses to Staff Data Request Nos. 401 and 182, Staff is not certain what the  
12 total Business Transformation cost is and if the correct total includes the costs allocated to the  
13 non-regulated affiliates. MAWC has not provided Staff with the information necessary to  
14 determine if the costs were properly allocated between regulated and non-regulated entities.

15 **SERVICE COMPANY COSTS**

16 Q. Have you reviewed MAWC witness Patrick L. Baryenbruch’s rebuttal  
17 testimony and attached Schedule PLB-1?

18 A. Yes, however to evaluate all of the information contained within  
19 Mr. Baryenbruch’s rebuttal testimony at this stage of the rate case is not feasible.  
20 Mr. Baryenbruch’s testimony and study should have been introduced at the direct testimony  
21 filing to provide an opportunity for proper review and analysis.

Surrebuttal Testimony of  
Kimberly K. Bolin

1 Q. Has Staff reviewed the workpapers supporting Mr. Baryenbruch's study?

2 A. No. MAWC has not provided the workpapers supporting Mr. Baryenbruch's  
3 study. Staff tried to analyze several FERC Form 60s that Mr. Baryenbruch said he used in  
4 developing comparison costs for the service company, but was unable to produce the same  
5 results as Mr. Baryenbruch. Staff has not been able to verify that the information used in this  
6 study was correct.

7 Q. Is Staff concerned that the information Mr. Baryenbruch uses to  
8 compare Service Company costs may not be accurate comparisons to the service company  
9 costs for MAWC?

10 A. Yes. Mr. Baryenbruch included electric and natural gas service company costs  
11 in his comparison. Staff is not convinced that this is an appropriate "apples to apples"  
12 comparison since Staff has not been able to analyze the data.

13 Q. Does this conclude your surrebuttal testimony?

14 A. Yes.





**MISSOURI-AMERICAN WATER COMPANY**  
**CASE NO. WR-2015-0301**  
**Monthly Customer Costs Based upon Test Year Corporate and Service Company Costs**

**LARGE WATER DISTRICTS**

	St. Louis	St. Joseph	Joplin	Jefferson City	Warrensburg	Parkville	Mexico	Tri-States
<b>Staff Proposal</b>								
Annual Per Customer Cost	\$ 126.98	\$ 134.97	\$ 165.62	\$ 165.62	\$ 115.05	\$ 181.81	\$ 153.05	\$ 94.69
Monthly Per Customer Cost	\$ 10.58	\$ 11.25	\$ 13.80	\$ 13.80	\$ 9.59	\$ 15.15	\$ 12.75	\$ 7.89
<b>Company Proposal</b>								
Annual Per Customer Cost	\$ 129.48	\$ 137.57	\$ 168.82	\$ 146.27	\$ 117.20	\$ 185.03	\$ 155.92	\$ 96.64
Monthly Per Customer Cost	\$ 10.79	\$ 11.46	\$ 14.07	\$ 12.19	\$ 9.77	\$ 15.42	\$ 12.99	\$ 8.05

**SMALL WATER DISTRICTS**

	Maple/River/ Stonebridge	Ozark Mtn/LTA	Brunswick	Emerald Pointe	Whitebranch	Spring Valley/LWM	Saddlebrooke	Rankin Acres	Anna Meadows
<b>Staff Proposal</b>									
Annual Per Customer Cost	\$ 111.25	\$ 114.11	\$ 273.00	\$ 109.30	\$ 183.70	\$ 179.21	\$ 225.32	\$ 224.01	\$ 261.27
Monthly Per Customer Cost	\$ 9.27	\$ 9.51	\$ 22.75	\$ 9.11	\$ 15.31	\$ 14.93	\$ 18.78	\$ 18.67	\$ 21.77
<b>Company Proposal</b>									
Annual Per Customer Cost	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Monthly Per Customer Cost	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67

**SEWER DISTRICTS**

	Jefferson City WW	Cedar Hill WW	Stonebridge WW	Meramec WW	Warren County WW	Emerald Pointe WW	Maplewood WW	Parkville WW	Saddlebrooke WW	Anna Meadows WW	Ozark Meadows WW
<b>Staff Proposal</b>											
Annual Per Customer Cost	\$ 208.63	\$ 153.91	\$ 128.34	\$ 122.67	\$ 204.64	\$ 127.88	\$ 123.78	\$ 331.63	\$ 526.34	\$ 245.94	\$ 114.11
Monthly Per Customer Cost	\$ 17.39	\$ 12.83	\$ 10.70	\$ 10.22	\$ 17.05	\$ 10.66	\$ 10.32	\$ 27.64	\$ 43.86	\$ 20.50	\$ 9.51
<b>Company Proposal</b>											
Annual Per Customer Cost	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Monthly Per Customer Cost	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67

Highest per customer charge for large districts  
 Under highest per customer charge for large districts

**MISSOURI-AMERICAN WATER COMPANY**

**CASE NO. WR-2015-0301**

**Allocation of Staff's Adjusted Corporate and Service Company Costs (without income taxes)**

**LARGE WATER DISTRICTS**

	St. Louis	St. Joseph	Joplin	Jefferson City	Warrensburg	Parkville	Mexico	Tri-States	Total Large Districts
<b>Company Proposal</b>									
Allocated with \$20 cap (Company)	\$ 37,537,331	\$ 3,561,021	\$ 3,251,002	\$ 1,245,948	\$ 710,234	\$ 906,932	\$ 635,063	\$ 297,934	\$ 48,145,466
Annual Per Customer Cost	\$ 102.59	\$ 111.27	\$ 136.75	\$ 114.82	\$ 94.01	\$ 152.45	\$ 128.92	\$ 89.69	
Percentage of Total Allocated Costs	77.48%	7.35%	6.71%	2.57%	1.47%	1.87%	1.31%	0.61%	99.38%
<b>Staff Proposal</b>									
Allocated without \$20 cap (Staff)	\$ 36,578,360	\$ 3,444,790	\$ 3,122,697	\$ 1,249,771	\$ 689,690	\$ 860,507	\$ 599,934	\$ 247,947	\$ 46,793,695
Annual Per Customer Cost	\$ 99.97	\$ 107.64	\$ 131.35	\$ 115.18	\$ 91.29	\$ 144.65	\$ 121.79	\$ 74.64	
Percentage of Total Allocated Costs	75.51%	7.11%	6.45%	2.58%	1.42%	1.78%	1.24%	0.51%	96.59%

**SMALL WATER DISTRICTS**

	Maple/River/ Stonebridge	Ozark Mtn/LTA	Brunswick	Emerald Pointe	Whitebranch	Spring Valley/LWM	Saddlebrooke	Rankin Acres	Anna Meadows	Total Small Districts
<b>Company Proposal</b>										
Allocated with \$20 cap (Company)	\$ 27,440	\$ 9,860	\$ 8,200	\$ 6,520	\$ 2,720	\$ 2,680	\$ 1,780	\$ 1,720	\$ 1,600	\$ 62,520
Annual per Customer Cost	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	20.00
Percentage of Total Allocated Costs	0.06%	0.02%	0.02%	0.01%	0.006%	0.006%	0.004%	0.004%	0.003%	0.13%
<b>Staff Proposal</b>										
Allocated without \$20 cap (Staff)	\$ 119,703	\$ 45,715	\$ 87,576	\$ 28,262	\$ 19,713	\$ 19,021	\$ 15,827	\$ 15,043	\$ 15,866	\$ 366,727
Annual Per Customer Cost	\$ 87.25	\$ 92.73	\$ 213.60	\$ 86.69	\$ 144.95	\$ 141.95	\$ 177.84	\$ 174.92	\$ 198.32	
Percentage of Total Allocated Costs	0.25%	0.09%	0.18%	0.06%	0.04%	0.04%	0.03%	0.03%	0.03%	0.76%

**SEWER DISTRICTS**

	Jefferson City WW	Cedar Hill WW	Stonebridge WW	Meramec WW	Warren County WW	Emerald Pointe WW	Maplewood WW	Parkville WW	Saddlebrooke WW	Anna Meadows WW	Ozark Meadows WW	Arnold WW	Total Sewer Districts
<b>Company Proposal</b>													
Allocated with \$20 cap (Company)	27,160	14,600	13,760	12,200	8,280	7,520	7,320	2,020	1,780	1,600	460	140,000	236,700
Annual per Customer Cost	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 21.91	
Percentage of Total Allocated Costs	0.06%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%	0.004%	0.004%	0.003%	0.001%	0.29%	0.49%
<b>Staff Proposal</b>													
Allocated without \$20 cap (Staff)	\$ 221,781	\$ 90,516	\$ 69,773	\$ 58,629	\$ 66,509	\$ 38,072	\$ 35,743	\$ 25,892	\$ 35,424	\$ 14,955	\$ 12,141	\$ 614,498	\$ 1,283,934
Annual per Customer Cost	\$ 163.31	\$ 124.00	\$ 101.41	\$ 95.11	\$ 160.65	\$ 101.26	\$ 97.66	\$ 256.36	\$ 402.54	\$ 186.94	\$ 527.87	\$ 96.17	
Percentage of Total Allocated Costs	0.46%	0.19%	0.14%	0.12%	0.14%	0.08%	0.07%	0.05%	0.07%	0.03%	0.03%	1.27%	2.65%

**Total Costs** 48,444,686

## Missouri Public Service Commission

Respond Data Request

<b>Data Request No.</b>	0401
<b>Company Name</b>	Missouri-American Water Company-(Water)
<b>Case/Tracking No.</b>	WR-2015-0301
<b>Date Requested</b>	1/29/2016
<b>Issue</b>	Expense - A&G - Information Technology
<b>Requested From</b>	Jeanne Tinsley
<b>Requested By</b>	Kevin Thompson
<b>Brief Description</b>	Allocation of Business Transformation Costs
<b>Description</b>	Please provide the following: 1) The total cost of the Business Transformation Project as of December 31, 2015 and updated to the most current date. 2) The amount of Business Transformation costs allocated to American Water's regulated affiliates. 3) The amount of Business Transformation costs allocated to American Water's non-regulated affiliates 4) If none of the Business Transformation Project costs were allocated to non-regulated affiliates, please provide the reasoning as to why the non-regulated affiliates should not be allocated a portion of the Business Transformation Project costs. DR Requested by: Kim Bolin - Kim.Bolin@psc.mo.gov
<b>Response</b>	1) Please refer to data request MoPSC W0182. No additional project costs for Business Transformation have been incurred since the September 2015 update of the referenced data request. 2) The amount of Business Transformation Project costs allocated between regulated entities, through Service Company, was \$289.5M, of which MAWC received \$41.7M. 3) Please refer to the response to OPC 5012 for further detail. 4) Please refer to the response to OPC 5012 for further detail.
<b>Objections</b>	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.

<b>Security :</b>	Public
<b>Rationale :</b>	NA

Schedule KKB-s3

## Missouri Public Service Commission

### Respond Data Request

<b>Data Request No.</b>	0182
<b>Company Name</b>	Missouri-American Water Company-(Water)
<b>Case/Tracking No.</b>	WR-2015-0301
<b>Date Requested</b>	9/1/2015
<b>Issue</b>	General Information & Miscellaneous - Other General Info & Misc.
<b>Requested From</b>	Jeanne Tinsley
<b>Requested By</b>	Kevin Thompson
<b>Brief Description</b>	Business Transformation Program related amounts
<b>Description</b>	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)
<b>Response</b>	Please refer to MoPSC W0182_Attachment_201509 for a summarization of costs through 9/2015. Due to the project's closure at the end of 2014, only minimal adjustments should be expected going forward.
<b>Objections</b>	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 09/30/2015

## 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	<b>Labor</b>								
3	Internal - Business	\$72,576,966	\$0	\$3,759,263	\$16,764,163	\$26,608,303	\$20,896,461	\$4,547,380	\$1,396
4	External - Other	149,526,366	0	9,118,324	57,483,972	54,148,156	26,123,614	2,652,812	(511)
5	<b>Labor Subtotal (Total of Lines 2. - 3.):</b>	<b>222,103,333</b>	<b>0</b>	<b>12,877,587</b>	<b>74,248,135</b>	<b>80,756,459</b>	<b>47,020,075</b>	<b>7,200,192</b>	<b>885</b>
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	7,974,216	0	711,166	946,883	2,089,145	3,276,207	948,198	2,617
11	Comprehensive Planning Study	6,361,764	5,719,850	641,914	0	0	0	0	0
12	<b>BT Subtotal (Lines 4. + Lines 5. - 10.):</b>	<b>283,301,421</b>	<b>5,719,850</b>	<b>27,219,817</b>	<b>91,846,974</b>	<b>93,830,693</b>	<b>56,146,682</b>	<b>8,533,904</b>	<b>3,502</b>
13									
14	<b>Other</b>								
15	AFUDC - BT	18,333,281	111,091	995,150	4,050,839	7,236,895	4,388,017	133,174	1,418,115
16	<b>Total BT (Line 11. + Line 13.):</b>	<b>301,634,702</b>	<b>5,830,941</b>	<b>28,214,967</b>	<b>95,897,813</b>	<b>101,067,588</b>	<b>60,534,700</b>	<b>8,667,078</b>	<b>1,421,616</b>
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	<b>Total BT Controls/Organizational Integration (Line 15. + Line 16.):</b>	<b>26,112,325</b>	<b>0</b>	<b>0</b>	<b>7,994,738</b>	<b>14,218,253</b>	<b>3,897,823</b>	<b>1,446</b>	<b>65</b>
21									
22	<b>BT Grand Total - American Water (Line 14. + Line 17.):</b>	<b>\$327,747,028</b>	<b>\$5,830,941</b>	<b>\$28,214,967</b>	<b>\$103,892,551</b>	<b>\$115,285,841</b>	<b>\$64,432,522</b>	<b>\$8,668,524</b>	<b>\$1,421,682</b>
23									
24									
25									

Missouri American Water Company  
 Response to MoPSC W0182  
 Business Transformation Project Expenditures  
 As of 09/30/2015

## 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	<b>Labor</b>								
3	Internal - Business	\$28,616,388	\$0	\$2,127,866	\$9,948,295	\$15,001,111	\$1,522,326	\$16,791	\$3,155
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	3,188
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	352
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	3,539
13									
14	<b>Other</b>								
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	649,936
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	\$649,979
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## 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	<b>Labor</b>								
3	Internal	\$27,281,848	\$0	\$1,120,864	\$3,779,215	\$6,424,265	\$11,969,601	\$3,987,903	\$650
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.):	75,071,907	0	4,559,422	17,422,479	19,403,064	28,080,211	5,606,730	107
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.):	93,007,308	841,598	11,335,991	20,561,031	22,132,181	31,810,288	6,326,219	1,196
13									
14	<b>Other</b>								
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.):	99,602,200	859,480	11,733,289	21,908,621	24,692,201	34,082,341	6,326,268	448,358
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.):	5,673,267	0	0	1,737,204	2,378,994	1,552,002	5,067	22
21									
22	BT Grand Total - American Water (Line 14. + Line 17.):	\$105,275,467	\$859,480	\$11,733,289	\$23,645,825	\$27,071,195	\$35,634,344	\$6,331,335	\$448,380
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## 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	<b>Labor</b>								
3	Internal - Business	\$16,677,335	\$0	\$510,533	\$3,036,653	\$5,182,928	\$7,404,535	\$542,686	(\$2,410)
4	External - Other	32,307,400	0	2,043,025	12,490,682	10,493,157	7,286,998	(6,462)	0
5	<b>Labor Subtotal (Total of Lines 2. - 3.):</b>	<b>48,984,735</b>	<b>0</b>	<b>2,553,558</b>	<b>15,527,335</b>	<b>15,676,085</b>	<b>14,691,532</b>	<b>536,225</b>	<b>(2,410)</b>
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	1,176
11	Comprehensive Planning Study	2,101,848	1,972,531	129,318	0	0	0	0	0
12	<b>BT Subtotal (Lines 4. + Lines 5. - 10.):</b>	<b>62,586,670</b>	<b>1,972,531</b>	<b>5,197,916</b>	<b>18,049,693</b>	<b>18,156,708</b>	<b>18,384,472</b>	<b>825,351</b>	<b>(1,234)</b>
13									
14	<b>Other</b>								
15	AFUDC - BT	4,650,459	37,576	209,867	784,680	1,915,648	1,702,547	142	324,556
16	<b>Total BT (Line 11. + Line 13.):</b>	<b>67,237,129</b>	<b>2,010,107</b>	<b>5,407,782</b>	<b>18,834,372</b>	<b>20,072,356</b>	<b>20,087,019</b>	<b>825,493</b>	<b>323,322</b>
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	<b>Total BT Controls/Organizational Integration (Line 15. + Line 16.):</b>	<b>5,030,507</b>	<b>0</b>	<b>0</b>	<b>1,624,888</b>	<b>2,289,394</b>	<b>1,108,833</b>	<b>7,392</b>	<b>0</b>
21									
22	<b>BT Grand Total - American Water (Line 14. + Line 17.):</b>	<b>\$72,267,637</b>	<b>\$2,010,107</b>	<b>\$5,407,782</b>	<b>\$20,459,261</b>	<b>\$22,361,750</b>	<b>\$21,195,852</b>	<b>\$832,885</b>	<b>\$323,322</b>
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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	20,971,932	6,035,582	112,429	489,934			
12	10134010/10634010	340310	Comp Software Mainframe					17,543,310	143,133	46,409,870
13	10134010/10634010	340315	Computer Software Special			11,944,407				
14	10139000/10639000	990300	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			<b>Total Project Costs</b>	<b>\$28,610,326</b>	<b>\$6,215,527</b>	<b>\$12,285,645</b>	<b>\$504,486</b>	<b>\$18,023,342</b>	<b>\$154,839</b>	<b>\$46,739,196</b>
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Missouri American Water Company  
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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 Water Co	1030-Hawaii American Water Co
1	10700000		CWIP	\$929,343	\$901,734	\$395,204	\$141,132	\$81,962	\$310,460	\$16,743
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	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	64,652,777		29,270,494				
12	10134010/10634010	340310	Comp Software Mainframe		62,009,210			5,306,162	17,240,684	
13	10134010/10634010	340315	Computer Software Special				7,304,155			
14	10139000/10639000	390300	WW Computer Software							992,983
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			<b>Total Project Costs</b>	<b>\$66,233,482</b>	<b>\$63,534,059</b>	<b>\$30,056,398</b>	<b>\$7,594,941</b>	<b>\$5,496,886</b>	<b>\$17,551,144</b>	<b>\$999,997</b>
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Missouri American Water Company  
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## 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 Assot - 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		9,345,084					130,878,231
12	10134010/10634010	340310	Comp Software Mainframe							148,652,369
13	10134010/10634010	340315	Computer Software Special							19,248,562
14	10139000/10639000	390300	WW Computer Software							992,983
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			<b>Total Project Costs</b>	<b>\$11,095,209</b>	<b>\$9,607,150</b>	<b>\$176,969</b>	<b>\$1,242,142</b>	<b>\$1,614,467</b>	<b>\$10,824</b>	<b>\$327,747,028</b>
21										
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Missouri American Water Company  
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External - Other By Vendor

Line Number	Vendor	Amount
1	Aason LLC	\$8,000
2	Accenture LLP	100,021,002
3	Accountants International	3,690
4	Accu Staffing Services	535,352
5	Aerrotek Inc	117,053
6	Anzinnet	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	175,105
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, Danvas 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	IDModelling Inc	3,497
32	Impact Services	551,455
33	Infor Global Solutions Inc	8,336
34	Insight	95,313
35	Key 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	Mallico 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 Dealins 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
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	Toavers Watson PA Inc	481,439
64	Trintech Inc	79,653
65	Triviumsoft	15,698
66	UC4 Software Inc	55,939
67	Various Adjustments	1,838,888
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>\$149,526,366</u>
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