American Water -- Pension Plan
Summary of Development of Estimated FAS 87 Accounting Cost FY 2003 - FY 2008
(in thousands)

Discount Rate	6.75%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected Return on Assets	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
Compensation Increase	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Mortality	1983 GAM	1983 GAM	1983 GAM	1983 GAM	1983 GAM	1983 GAM

	FY 2003 (Actual)	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**
Reconciliation of Funded Status						
Projected Benefit Obligation	(451,089)	(611,518)	(663,978)	(718,575)	(775,077)	(833,994)
Fair Value of Assets	270,546	322,203	388,019	487,687	588,431	670,854
Funded status	(180,543)	(289,315)	(275,959)	(230,888)	(186,645)	(163,140)
Unrecognized						
Transition Obligation/(Asset)	(5)	0	0	0	0	0
Prior Service Cost	2,457	4,210	3,640	3,070	2,518	2,023
Actuarial Loss/(Gain)	128,304	211,817	201,407	192,078	183,772	176,430
Prepaid (Accrued) Pension Cost	(49,786)	(73,288)	(70,912)	(35,739)	(355)	15,313
Estimated Accounting Cost						
Service cost	18,985	24,656	25,827	27,054	28,339	29,685
Interest cost	31,505	37,873	41,026	44,299	47,699	51,244
Expected return on assets	(23,924)	(29,134)	(36,718)	(45,164)	(53,218)	(58,973)
Amortization of:						
Transition Obligation/(Asset)	(5)	0	0	0	0	0
Prior Service Cost	319	570	570	552	495	486
Actuarial Loss/(Gain)	5,749	10,410	9,328	8,307	7,342	6,428
Accounting Cost	**32,628**	**44,375**	**40,033**	**35,047**	**30,657**	**28,869**

Wednesday, November 26, 2003
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