

Commonwealth of Kentucky
Before the Public Service Commission

In the Matter of:

APPLICATION OF WATER SERVICE)
CORPORATION OF KENTUCKY FOR AN) Case No. 2008-00563
ADJUSTMENT OF RATES)

ATTORNEY GENERAL'S
POST-HEARING BRIEF

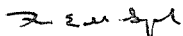
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PUBLIC SERVICE
COMMISSION

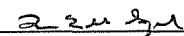
Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL


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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this pleading were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601. Furthermore, service was through mailing a true and correct of the same, first class postage prepaid, to John N. Hughes, 124 W. Todd St., Frankfort, Kentucky 40601, all on this 31st day of August 2009.


Assistant Attorney General

OVERVIEW

Water Service Corporation of Kentucky is a for-profit water utility providing water service to approximately 8,000 customers in the communities of Middlesboro and Clinton, Kentucky. WSCK's application for a rate adjustment seeks to increase its rates by approximately 50%, a remarkably significant increase that, as this Commission is well-aware by virtue of the public hearings held in both communities, stands to adversely impact many WSCK customers.

WSCK has a statutory right to seek an increase in rates, and it enjoys a constitutional prohibition against the confiscation of its property. The foregoing, however, does not suggest that WSCK's request for an increase is presumed correct. The burden to establish the reasonableness for the change in rates is upon Water Service Corporation of Kentucky. KRS 278.190(3).

The burden of proof for the necessity of any change in the approved rates rests entirely with the Applicant; it is not necessary that the Commission or anyone else prove that the proposed change is inappropriate. See *In the Matter of: Notice of Adjustment of the Rates of Kentucky-American Water Company*, Case No. 8836, Order, 20 December 1983, page 9; also see *Energy Regulatory Commission v. Kentucky Power*, 605 S.W.2d 46, 50 (Ky.App. 1980) (fact that applicant's evidence is uncontroverted, or otherwise not rebutted, unexplained, or not impeached is unremarkable). WSCK has not justified its request for the change in rates.

WATER SERVICE CORPORATION OF KENTUCKY OVERSTATES ITS EXPENSES.

Expenses, even those having a minimal effect on operating income, must be borne by investors unless such expenses are proven beneficial to ratepayers in furnishing utility service. *In the Matter of Kentucky-American Water Company*, Case No. 9842, Order, 18 July 1986, page 22; also see *In the Matter of Columbia Gas of Kentucky, Inc.*, Case No. 10498, Order, 6 October 1989 (page 30). The mere inclusion of an expense amount in an application creates no presumption of benefit. KRS 278.190(3); *Energy Regulatory Commission v. Kentucky Power*.

1. WSKC fails to demonstrate the reasonableness of the cost allocation for Project Phoenix.

Central to understanding the Project Phoenix cost allocation is the fact that the focus of Project Phoenix was the needs of Utilities, Inc., including its non-regulated operations (TE 08/19/09, 10:56:20 – 10:57:08; WSKC Response to OAG 1 - 75). There is no evidence that any effort was made to examine the potential benefits of Project Phoenix as applied to Water Service Corporation of Kentucky (TE 08/19/09, 10:59:15 – 10:59:24; WSKC Responses to OAG 1 - 22 to 1 - 28). There is simply no evidence that Project Phoenix, as applied to WSKC, is cost-effective.

Indeed, while WSKC compares fees being increased through this rate application with charges by other water utilities (TE 08/19/09, 10:59:26 – 10:59:47), WSKC does not present any evidence that it compared its portion of the Project

Phoenix costs with comparable computer costs and billing costs of other Kentucky utilities (TE 08/19/09, 10:49:47 – 11:00:02). For the key question of whether a system of the same size as Water Service Corporation of Kentucky needs an information technology package of this cost, the focus was upon Utilities, Inc., overall rather than WSCK (TE 08/19/09, 11:05:13 – 11:05:45; WSCK Response to OAG 1 - 74). WSCK concedes that a small system may not need IT infrastructure of this size (TE 08/19/09, 11:05:35; 11:06:00 – 11:06:10).

WSCK fails to carry its burden of proof that the allocation of costs of Project Phoenix are reasonable and should be allowed for rate recovery. Accordingly, the Commission should exclude these costs from rates.

2. Water Service Corporation of Kentucky's agreement Water Service Corporation is *per se* unreasonable because it does not grant WSCK any authority to contest the reasonableness of any allocation of expenditures made by Water Service Corporation. Indirect allocations made under this agreement are unreliable for determining WSCK's legitimate share of reasonable expenses and should be excluded.

Water Service Corporation of Kentucky's agreement with its Utilities, Inc., affiliate, Water Service Corporation does not vest WSCK with any authority to contest the reasonableness of any allocation of expenditures made by Water Service Corporation (TE 08/19/09, 01:52:50 – 01:53:17). The Attorney General submits that this arrangement is not an "arms-length" arrangement. In fact, the arrangement, through which WSC can spend and allocate at will, is *per se*

unreasonable. The indirect allocations made under this agreement are unreliable for determining WSCK's legitimate share of reasonable expenses for setting rates.

The record is replete with examples of Water Service Corporation spending that either has no connection with providing reasonable water service or is excessive. For example, with regard to the WSCK materials provided in response to OAG 1 – 50:

- An Expense Report Form (Doc. 50130) reflects charges for drinks after a Leadership meeting as well as other charges for which there is no description of the business purpose of the expense (Appendix Item 1); and
- An Expense Report Form (Doc. 64721) reflects a charge for an employee's last day lunch (Appendix Item 2).

With regard to the WSCK materials provided in response to OAG 1 – 101:

- An expense report form contains charges for AIG High Star visit to "UICN" (Appendix Item 3);
- A Business Expense Report (Lisa Crossett, 3/38/07 to 6/13/07) reflects a Board of Directors meeting in Orlando, Florida (Appendix Item 4);
- Business Expense Reports (Larry Schumacher, 4/01/07 to 6/20/07) reflects before dinner drinks (Appendix Item 5) as well as a dinner in which Mr. Schumacher apparently paid for the meal of a person's spouse and a separate charge of \$3,625 for "Dinner/appetizers for entire group BOD, HS" (Appendix Item 6);
- The Business Expense Report for Mr. Schumacher for this period also includes a \$2,500 charge for dues in an organization described as "YPO" (Appendix Item 7);

- The Business Expense Report (John Williams, 5/12/07 to 5/20/07) includes expenses for picking up multiple dinners for “other NARUC faculty and NAWC executives (Appendix Item 8);
- The Business Expense Report (Steven M. Lubertozi, 7/08/07 to 8/31/07) contains numerous charges for drinks and appetizers (and these are not modest charges) as well as lunches for which there is no indication of the purpose for the lunch (Appendix Item 9); and
- An expense report (Don Sudduth, dated 8/31/07) includes a \$236.30 charge for show tickets to Planet Hollywood as well as numerous other charges for which there is no description of the business purpose (Appendix Item 10).

With regard to WSCK’s material in response to Commission Staff’s 1 May

2009 request, Item 2:

- A Business Expense Report (Larry Schumacher, 9/07/07 to 12/14/07) reflects a Board of Directors’ meeting held in Las Vegas, Nevada (a meeting that lasted less than 3 hours (WSCK Response to OAG 1 – 24) and a Board dinner costing \$2,433.89 (Appendix Item 11);
- A Business Expense Report (Lisa Crossett, 09/12/07 to 10/18/07) reflects the purchase of two tickets to the Lyric Opera of Chicago (“Ceasar”) (Appendix Item 12); and
- A Business Expense Report (Steven M. Lubertozi, 9/01/07 to 10/09/07) shows the purchase of tickets to see the Chicago Bears (Appendix Item 13).

The foregoing are a few of the “highlights.” There is an unmistakable pattern of excessive charges in tandem with a lack of documentation necessary to conclude that the expenses were reasonably related or beneficial to WSCK’s provision of water service.

With regard to WSCK's response to OAG 1 – 49 (“Other Office Expenses”), there are charges relating to an NAWC (National Association of Water Companies) “Fly-in” to Washington D.C. (Appendix Item 14), charges made during a trip to China (Appendix Item 15), and an \$1,871.36 dinner before a business meeting in tandem with a \$6.50 coffee after lunch (Appendix Item 16). One business expense report of particular note is that of Larry Schumacher (03/06/08 to 5/27/08) in which Mr. Schumacher, on 9 April 2008, required a pre-dinner snack and drink, dinner, and a post dinner dessert (Appendix Item 17). Clearly, some executives at Utilities, Inc., take their consumption of food very seriously as is punctuated by the provision of donuts to honor National Donut Day (Appendix Item 18).

During the evidentiary hearing, a witness for WSCK discussed the value of water within the context of the WSCK's request for a significant increase in rates (TE 08/19/09, 2:18:15 *et seq.*). The OAG does not question the sincerity of the discussion. What the Attorney General questions is whether Water Service Corporation of Kentucky (and Utilities, Inc.) understand that reasonableness and discretion are part-and-parcel of the concept of value.

WSCK has the burden of proof, and there is no presumption of benefit or reasonableness. WSCK has the responsibility to use discretion in its expenditures. See, for example, *In the Matter of: Rate Adjustment of Western*

Kentucky Gas Company, Case No. 90-013, Order, 13 September 1990 (pages 21 and 22 – removal of costs for gifts of Rolex watches); *In the Matter of: Adjustment of Rates of Columbia Gas of Kentucky, Inc.*, Case No. 10498, Order, 6 October 1989 (page 30 – removal of allocated costs for Ohio State football parking pass).

The agreement between WSCK and WSC is an abuse of discretion, and the indirect allocation of costs with a pattern of unexplained and/or excessive costs is improper. The Attorney General asks that the Commission disallow all of the allocation of indirect costs from Water Service Corporation to Water Service Corporation of Kentucky.

The Attorney General realizes that the request may, at first blush, seem harsh. The request is, however, consistent with the fact that WSCK has the burden of proof, and the agreement and the corresponding evidence are not sufficient to support the allocations as reasonable. While this is a statutory proceeding, the Attorney General will borrow, for the purpose of comparison or illustration, from a doctrine of equity. "As a general equitable proposition, where one of two innocent persons must suffer, the one whose negligence brought about the condition must bear the burden." *Ellison v. Ellison's Adm'r*, 198 Ky. 444, 182 S.W.2d 964 (1944). The Kentucky ratepayers may only be called upon to pay those costs proven beneficial in providing utility service. If there is

a problem resulting from the lack of evidence, it is a problem for Utilities, Inc., to bear. Compare KRS 278.190(3) and the foregoing Orders with *Ellison*.

The Attorney General also wishes to point out that the Commission should remove all spending associated with the National Association of Water Companies (NAWC). NAWC is an advocacy organization with a focus upon governmental affairs and legislative activities. (See selected portions of the NAWC Form 990, attached as Appendix Item 19). Accordingly, the NAWC dues and the costs associated with NAWC activities should be eliminated from rates.

In response to WSCK's reliance upon a study prepared by a WSCK witness in a Virginia proceeding, the Attorney General notes the following. First, the study does not review the 19 December 2007 agreement. It is a review of a service agreement between Water Service Corporation and Massanutten dated 20 July 2005. (WSCK Response to OAG 1 – 61, Baryenburch report, Page 5). Hence, there is no demonstration that it is a study of the same agreement.

Second, and more importantly, the Virginia State Corporation Commission's Order Granting Approval, submitted by WSCK in response to hearing data requests, does not shift the burden of proof away from Massanutten Public Service Corporation (MPSC) with regard to the reasonableness of expenses allocated under the approved methodology (MPSC Order, pages 3 and 4). Additionally, Kentucky is not bound by the rate-making treatment of other jurisdictions. Thus, in terms of the study based upon a prior agreement and the

Virginia Corporation Commission's assessment of the new allocation methodology, there is nothing associated with the MPSC Order to suggest a presumption of reasonableness in the actual indirect costs allocated. The Order simply conveys that other Commissions found the allocation percentages, themselves, acceptable.

In terms of borrowing from other jurisdictions, it is worthwhile to examine the management audit produced by WSCK in Response to OAG 1 – 33. First, the report notes that Utilities, Inc., has a strategic plan; however, it declined to provide a copy of the plan to the auditors upon the latter's request (*Id.* Schumaker & Company Audit, Page 14, Finding II-4 – “The Utilities, Inc. strategic planning process is inadequate.”). Additionally, the Schumaker & Company Audit does point out that ratepayer protections against executive compensations levels that are too high are missing (Audit, Page 86, Finding IV-5); compare with WSCK Response to 3 April 2009, Item 15 (There is no wage, compensation, and employee benefit studies for Water Service.). Therefore, even under the assumption that the formula for allocating costs is acceptable, it does not follow that the remainder of the agreement is reasonable or that the planning or costs of Utilities, Inc., is appropriate.

3. OTHER ITEMS:

The Commission should reject WSCK's application's use of the Consumer Price Index. It is contrary to Kentucky's regulatory scheme and Commission

methodology. WSCK does not offer any compelling basis or justification to make adjustments to the test year result on the Consumer Price Index.

The Attorney General does not suggest that the Commission deny the request for a change in rates in its entirety. In order to have the opportunity to provide reasonable service, WSCK requires reasonable rates. When asked for a general description of the drivers for this rate increase, WSCK noted that capital improvements, increases in expenses for power, chemicals, and fuel were significant factors (TE 08/19/09, 2:17:20 *et seq.*).

To this extent, capital improvements in plant, exclusive of the cost allocation for Project Phoenix, added during the test year and any corresponding additions falling within the scope of legitimate known and measurable changes should be recognized. Further, power, chemicals, and fuel expense categories contained in the test year (and, again, adjusted for legitimate known and measurable changes) merit recognition; however, each of these categories should be normalized by reference to a multi-year average to smooth out any anomalies in the test year. Wage increases associated with employees of Water Service Corporation of Kentucky are appropriate for consideration as well. The Attorney General also notes that allocations regarding insurance are not contested.

WSCK indicates that the Hughes Consulting Accounting Study (WSCK Response to OAG 1 -- 59) relates to sewer operations. Candidly, the OAG is

unable to discern whether the cost for the accounting study has been removed (WSCK Response to OAG, 1 – 4). If it has not, then it should be.

The Attorney General adds that his foregoing adjustments are primary adjustments. Secondary adjustments to items such as depreciation and taxes are, except where noted, assumed. Discussion of the various expense items is not, of itself, a concession that the items were assigned to the proper account. Further, in instances in which the Attorney General does not offer comment, the lack of comment on an issue does not constitute an acceptance or ratification of that aspect of the WSCK application.

WATER SERVICE CORPORATION OF KENTUCKY'S COST OF EQUITY EVIDENCE IS UNRELIABLE; THE COMMISSION SHOULD APPLY THE OPERATING RATIO METHODOLOGY.

The Attorney General does not contest the qualifications of Water Service Corporation of Kentucky's cost of equity expert, Ms. Pauline Ahern. She is, clearly, by her education and experience a person capable of providing expert testimony on the cost of equity. That she is an expert, however, is not at issue. The issue is whether her testimony is sufficiently reliable to establish a cost of equity for WSCK. It is not.

The first thing to point out is that this rate proceeding is for determining the cost of equity for WSCK rather than a proceeding for a generalized inquiry into the water, wastewater, and gas company industries. WSCK's witness is

incorrect in her understanding of whether jurisdictional utilities are allowed to weather-normalize sales (TE 08/19/09, 10:17:35). They can. See *In the Matter of: Application of Kentucky-American Water Company to Increase Its Rates*, Case No. 95-554, Order, 11 September 1996. The witness is incorrect in her understanding of whether jurisdictional utilities can utilize forward-looking test periods (TE 08/19/09, 10:17:43). Again, they can. KRS 278.192. Thus, in terms of a fundamental understanding of the Kentucky regulatory framework applicable to water utilities, the evidence provided by WSCK simply does not manifest one.

As importantly, WSCK's cost of equity analysis does not identify the risks associated with WSCK. The testimony is an overly generalized assessment of the utility industry. In fact, in several instances, the witness concedes that her comments are merely general comments such as the discussion regarding possible increased levels of spending. Ms. Ahern concedes that her statements "are general statements applicable to the water industry in general and are not intended to be specific to Water Service Company [sic] of Kentucky or the Kentucky Public Service Commission" (WSCK to PSC 1 May 2009 DR, Item 22). The same is true for her assessment of security risks (WSCK to PSC 1 May 2009 DR, Item 23).

Both the responses to data requests and the testimony during the evidentiary hearing show that there has been no actual reconciliation between the risks of the entities chosen for study and WSCK. Further, on the core issues

of WSCK's source of supply for water sales, water sales, and customer mix, the risk analysis is lacking. WSCK's evidence regarding its cost of equity is insufficient and thus unreliable.

WSCK, given its size, could have and should have utilized the operating ratio methodology. Water Service Corporation of Kentucky declined to utilize the operating ratio because "the Company decided to file the current case based upon rate base/ rate of return regulation *consistent with filings made in other states in which subsidiaries of Utilities, Inc. operate* and consistent with the Company's filing in Case No. 2005-00325, its last rate proceeding" (WSCK Response to PSC 1 May 2009, Item 19, emphasis added).

This is in contrast to WSCK's position that "it is not practicable for a water system the size of WSCK to prepare a cost-of-service study every few years assess increased cost to its water operations" (WSCK Response to PSC 1 May 2009 DR, Item 4). The use of the operating ratio meets the "widely accepted" criteria describe by WSCK in Item 4. Consequently, the Attorney General submits that was not practicable for WSCK to select the route it chose in seeking to establish its return on equity.

The Commission should apply the operating ratio methodology in lieu of the undependable evidence relating to WSCK's cost of equity. It is a standard methodology, and it fairly establishes the equity target for which WSCK has an opportunity to earn on its investment.

Finally, the Attorney General respectfully submits that the cost of equity testimony, while in some manner interesting, does not have a sufficient nexus with Water Service Corporation of Kentucky's cost of equity to support the inclusion of its costs into rate recovery. The Attorney General asks that these costs be removed from rate case expense and the amortization for rate case expense reduced accordingly.

In the future, should WSCK seek to submit cost of equity testimony, then it should be prepared to demonstrate that the cost of the activity is reasonable in comparison to the benefit. The rate case expense amount of \$145,604 (WSCK Responses to Hearing Data Requests, Item 1), is staggering relative to the customer base of less than 8,000 customers. If WSCK seeks cost recovery of reasonable rate case expenses, it should be prepared to demonstrate why the costs of submitting cost of equity testimony are more appropriate than the use of the operating ratio.

CONCLUSION

Water Service Corporation of Kentucky requires reasonable rates in order to provide reasonable service. To this end, the Attorney General has no qualms in conveying that WSCK should be permitted the opportunity to obtain reasonable rates. This application has provided WSCK with that opportunity, and it fails to meet its burden for the rate increase that it seeks. In some instances the failure relates to the inability to provide credible evidence to support the application. In other instances, the failure relates to a fundamental problem with Utilities, Inc.'s approach and lack of compunction in passing along excessive costs. The Attorney General asks that the Commission deny the application in a manner consistent with the positions outlined in his Brief.

EXPENSE REPORT FORM

Batch

22331

3009774

- 1) Complete all sections where applicable
- 2) Attach receipts onto separate page, attach to form
- 3) Explain ALL entertainment expenses on the back of form
- 4) Keep photocopies of all forms for your protection
- 5) Submit completed form to supervisor for approval

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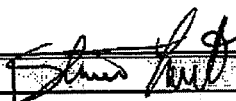
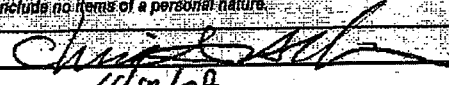
Name **Christine Kim**

Company **102**

Business Unit **101**

Date							Total	Account Codes
	1/30/08	2/18/08	2/28/08	3/5/08	3/10/08	3/25/08		
Co./Business Unit	102101	102101	102101	102101	102101	102101		
Meals							\$0.00	6200
Hotel (room, tax, phone calls)							\$0.00	6185
Mileage Driven								
Mileage Value @ 0.485	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	6195
Airfare (including penalties)							\$0.00	6190
Car Rental (including fuel)							\$0.00	6195
Parking / Tolls							\$0.00	6207
Taxi - Limousine							\$0.00	6195
Entertainment	81.00	22.00	24.50	199.37	60.68	10.00	\$397.55	6205
Education - Operators							\$0.00	5820
Education - Office							\$0.00	5690
Other: employee wellness							\$0.00	5660
Other:							\$0.00	
Other:							\$0.00	
Other:							\$0.00	

APR 17 2008

Purpose of the Expense:	Payment Recap
Business Benefit:	Total of the Front of the Expense Form:
# Days on Business:	Subtract Any Advance: less
Explanation:	Net Amount Due to the Employee:
	<i>I hereby certify that the above expenditures represent cash spent for legitimate company business only and include no items of a personal nature.</i>
Authorized Signature: 	Employee Signature: 
Date Authorized:	Date Signed: 4/17/08

Appendix I

Date	Amount	Name of Establishment Location	Customer/Company Name Individual Name	Description of Expenses (Purpose, City, Place)
01/30/2008	\$81.00	Empire Szechwan	John, Joe, Michelle, Christine, Demis, Steve	Close dinner
02/18/2008	\$22.00	Go Roma	Christine, John	Drinks after Leadership meeting
02/28/2008	\$24.50	Wyndham	Joe, Dennis, Bill	Dept. meeting dinner
03/05/2008	\$199.37	Osteria di Tramonto	Christine, Bill, Dennis	Dept. meeting lunch
03/10/2008	\$60.68	Fridays	Bill, Dennis, John B, Christine	
03/25/2008	\$10.00	Pita Inn	Christine	

Wyndham Glenview Suites
 1400 Milwaukee Avenue
 Glenview, Illinois 60025
 847-803-9800

Thank you for staying with us!

308 FCO

Tbl 22/1 Chk 302 Gs
 Feb28'08 06:49PM

1 Stoli 7.90
 2 Bud @ 4.50 9.00
 1 Miller Light 4.50

07:55PM Total Due 20.50

TIP: 4

Total: 24.50

Room: _____

Print NAME _____

Signature _____

THANK YOU FOR COMING
 SEE YOU NEXT TIME
 19:11 Wed 01/30/08 Register# 3

TOTAL: 5 ITEMS. 74.30
 SUBTOTAL 6.70
 SALES TAX 81.00
 TOTAL

EMPIRE SZECHWAN
 (Server's Information)
 29 PICK-UP 1
 First Name: CHRISTINE
 Phone No. 7723539

CREDIT CARD TRANSACTION
 Osteria di Tramonto
 601 North Milwaukee Avenue
 Wheeling, IL 60090
 847-777-6570
 Mar05'08 08:20PM

Date: Mar05'08 08:20PM
 Card Type: Visa
 Acct #: XXXXXXXXXXXXX4763
 Exp Date: XX/XX
 Auth Code: 01351C
 Check: 376
 Table: 107/1
 Server: 1015 James A
 CHRISTINE H KIM

Subtotal: 167.37
 Gratuity: 32
 Final Total: 199.37
 GUEST COPY

TGI FRIDAY'S #0194
 GLENVIEW, IL
 Mar10'08 01:43PM

Date: Mar10'08 01:43PM
 Card Type: VISA
 Acct #: XXXXXXXXXXXXX4763
 Exp Date: XX/XX
 Auth Code: 06843C
 Check: 3371
 Table: 80/1
 Server: 17 EARL M
 CHRISTINE H KIM

Subtotal: 50.68
 TIP: 10
 TOTAL: 60.68

EXPENSE REPORT FORM

1) Complete all sections where applicable

2) Attach receipts on separate page, attach to form

3) Explain ALL entertainment expenses on the back of form

4) Attach photocopies of all forms for your protection

5) Form to be completed and returned to supervisor for approval

Batch 26410

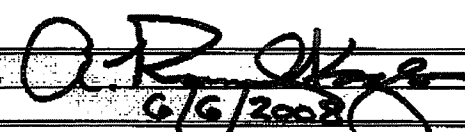
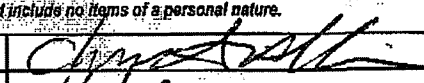
Name Christine Kim

Company 102

Doc 64721

Business Unit 101

3009774

Date	5/30/08		6/4/08						Total	Account Codes
	102101		102101							
Meals									\$0.00	6200
Hotel (room, tax, phone calls)									\$0.00	6185
Mileage Driven										
Mileage Value @	0.485	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	6195
Airfare (including penalties)									\$0.00	6190
Car Rental (including fuel)									\$0.00	6195
Parking / Tolls									\$0.00	6207
Taxi - Limousine									\$0.00	6195
Entertainment	140.34		30.00						\$170.34	6205
Education - Operators									\$0.00	5820
Education - Office									\$0.00	5690
Other: CPA Review course									\$0.00	5820
Other:									\$0.00	
Other:									\$0.00	
Other:									\$0.00	
Purpose of the Expense:					Payment Recap					
Business Benefit:					Total of the Front of the Expense Form:					
# Days on Business:					Subtract Any Advance: less					
Explanation:					Net Amount Due to the Employee: <u>170.34</u>					
					I hereby certify that the above expenditures represent cash spent for legitimate company business only and include no items of a personal nature.					
Authorized Signature: 					Employee Signature: 					
Date Authorized: <u>6/6/2008</u>					Date Signed: <u>6/4/08</u>					

JUN 06 2008

Appendix 2

Benihana Wheeling
150 N. Milwaukee Avenue
Wheeling, IL 60090
847-465-6021

Benihana Wheeling
150 N. Milwaukee Avenue
Wheeling, IL 60090
847-465-6021

Server: Arman 05/30/2008
Cashier: Julie
Table 12/1 12:58 PM
Guests: 7 20006

Server: Elena DOB: 05/30/2008
01:00 PM
Table 12/1 05/30/2008
2/20006

Lunch Combo 2 13.50
Lunch Combo 3 17.25
Lunch Combo 3 17.25
Lunch Combo 2 13.50
Mini Steak - Lunch Combo* 3.00
Chicken, Lunch 8.65
Dragon Roll 10
Lunch Boat Special (A) 3.00
Lunch Combo 2 13.50
Mini Steak - Lunch Combo* 3.00

Subtotal 109.40
Tax 10.94

Total 120.34

Balance Due 120.34

Visa 1048624
Card #XXXXXXXXXX5300
Magnetic card present: KIM CHRISTINE
Approval: 047236

Amount: 120.34
+ Tip: 20
= Total: 140.34

Tell Us How We
Can Be Better
1-800-327-3369

"SUBS SO FAST YOU'LL FREAK™"

NAME <u>Harris</u>		TIME: <u>6:47</u>		INITIALS: <u>JA</u>	
ADDRESS: <u>2335 Sander Rd</u>		UNIT#			
PHONE: <u>(847) 752</u>		BUS/DORM. NAME			
SPECIAL NOTES: <u>218 7290 Utilities Inc</u>					
<input type="checkbox"/> Coca-Cola	<input type="checkbox"/> Diet Coke	<input type="checkbox"/> Diet Coke	<input type="checkbox"/> Sprite	<input type="checkbox"/> Sprite	Lemonade Lemonade
<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.
<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.	<input type="checkbox"/> REG. REG.
<input type="checkbox"/> PICKLE PICKLE	<input type="checkbox"/> Choc Chunk	<input type="checkbox"/> Choc Chunk	<input type="checkbox"/> Oat Raisin	<input type="checkbox"/> Oat Raisin	D.O.B. D.O.B. FRESH BREAD
<input type="checkbox"/> PICKLE PICKLE	<input type="checkbox"/> Choc Chunk	<input type="checkbox"/> Choc Chunk	<input type="checkbox"/> Oat Raisin	<input type="checkbox"/> Oat Raisin	D.O.B. D.O.B. FRESH BREAD
SANDWICH #	EXTRA MEAT	EXTRA CHEESE	EXTRA AVOCADO	SPECIAL INSTRUCTIONS	TOTAL
<u>14</u>					\$ 6.00
<u>10</u>					\$ 6.00
<u>1</u>			<input checked="" type="checkbox"/>	<u>nom + dy</u>	\$ 5.00
<u>4</u>			<input checked="" type="checkbox"/>	<u>+ pep</u>	\$ 5.50
					\$ 3.00
				<u>tip plus \$ 20.00</u>	\$ 27.00
				<u>cash</u>	\$
				<u>check add 150</u>	\$
7016246					TOTAL \$ 27.00

RECEIVED

JUN 15 2007 UTILITIES, INC.

NAME: Lawrence Goldsmith

V19333

EXP 6/07

Date	Meals	Amount Travel	Other	Paid To	Description of Expense or Activity, Persons Involved	G/L Code
6/5/2007		50.00		Illinois Tollway	Purchased I-Pass (\$40.00 starting balance + \$10.00 deposit)	002-5018-7758365
6/12/2007		822.00		Luxury Vegas Transportation	Transportation - AIG High Star visit to UICN	002-0005-7758390
6/12/2007	40.00			Luxury Vegas Transportation	Refreshments - AIG High Star visit to UICN	002-0005-7758370
SUBTOTAL	40.00	972.00	0.00		APPLY TO: WSC 002-0018	
5/30/2007		620.30		Southwest Air	Airfare - Las Vegas To Midway	018-0066-7758365
6/3/2007	12.15			Wolfgang Puck's - HMS HOST	Meal - Las Vegas to Midway	018-0066-7758370
6/4/2007		220.19		Hilton Garden Inn	Lodging - Northern Hills Visit (ICC Inspection)	018-0066-7758365
6/4/2007	27.51			Hilton Garden Inn	Meal - Breakfast w/ P. Burris - Northern Hills ICC Inspection	018-0066-7758370
6/5/2007		84.35		Hampton Inn	Lodging - Northern Hills Visit (ICC Inspection)	018-0066-7758365
6/5/2007	13.43			Potbelly Sandwich Works	Meal - Midway to Las Vegas	018-0066-7758370
6/27/2007		12.00		McCarran Airport	Parking Expense - Northern Hills Visit - ICC Inspection	018-0066-7758365
SUBTOTAL	53.09	848.84	0.00		APPLY TO: Northern Hills 018-0066	
TOTALS = \$ 93.09 \$ 1,918.84 \$ 2,011.93 Grand Total						

= 50.00
= 972.00
= 40.00

= 946.84
53.09

= 1129.93

2

2,011.93

Date: 6/13/2007

Signature: Larry Goldsmith

Appendix 3

UTILITIES, INC.

RECEIVED BUSINESS EXPENSE REPORT

COMPANY: Water Service Corp

JUN 20 2007

NAME: Lisa Crossett

FROM: 3/28/07 TO: 6/13/07

V15871
EXP 3-6/07
6/11/07

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
28-Mar		✓(1,788.80)	American Airlines	ORD --> SFO --> ORD Trip Cancelled (Refund)
18-Apr	40.00		Whirley Ball	PROJECT PHOENIX - TEAM BUILDING
21-Apr		✓ 6.95	Internet Usage.Com	Internet
4-May	31.95		Edwardo's Natural Pizza	Corporate Strategy w/ Hopkins, Schumacher and Carrie
4-May	72.25		Café Lucci	Welcome Dinner for Brian Tite (Schumacher, Tite, Sparrow)
4-May	232.80	✓13.12	Walt Disney Yacht Club Hotel	BOD Meeting
5-May		✓375.09	Cingular	April Wireless
7-May	29.79		Tong's	Board Meeting Prep w/ Schumacher and Lubertozzi
7-May	7.70		Starbucks	Board Meeting Prep w/ Schumacher and Lubertozzi
9-May		✓1,526.80	American Airlines	ORD --> MCO --> ORD (Board Meeting)
16-May		✓ 797.65	Kinkos	Quarterly BOD Meeting Books
16-May	110.01		Flight	Finance w/ Brian Tite
20-May		✓ 457.00	American Airlines	Incremental Airfare for Flight Change
22-May		✓ 78.00	O'Hare	Parking
22-May		✓ 107.00	Daycare	Incremental Daycare
22-May	51.64		Orlando Airport	BOD Meeting (Schumacher, Stover, Lubertozzi, Tite, Delgado)
22-May	58.73		Orlando Airport	BOD Meeting (Schumacher, Stover, Lubertozzi, Tite, Delgado)
24-May		✓ 1,290.80	American Airlines	ORD --> LGA --> ORD (Highstar Annual Meeting)
25-May	30.91		O'Hare	Dinner
5-Jun		✓ 185.12	Cingular	May Wireless
9-Jun		✓ 133.19	Barana Republic	UI Logo Shirts
11-Jun		✓ 231.00	Daycare	Incremental Daycare
11-Jun	5.51		McDonalds	Lunch
TOTALS	671.29	+ 3,412.92		

001-0001-6759064=560.21
002-0005-7758390=405.99
002-0005-7758370=398.49
002-0005-7758365=21,788.807
002-0005-7758365=3,710.67
002-0005-6759004=797.65

②
4,084.21
Date: 6/13/07

Signature: *[Handwritten Signature]*

Appendix 4

UTILITIES, INC.

BUSINESS EXPENSE REPORT

Page 1 of 9

NAME: Larry Schumacher

FROM: 4.1.07 TO: 06.20.07

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
April		\$40.00	Cingular	Monthly flat fee for cell phone 001-0001-6759064 = 167.57-
April		\$40.00	AT&T	Monthly fax line charge-home 008-0005-7758390 = 1,825.37-
April		\$5.99	Cingular	Monthly roaming
April		\$81.58	Cingular	Monthly unlimited data-laptop
4/2/2007	\$21.00		Flight	Meeting w/ Brian Tite (Interview)
4/2/2007	\$18.00		Flight	Meeting w/ Brian Tite (Interview)
4/19/2007	\$117.00		Tuscany	Lunch ET with Brian
4/6/2007	\$41.18		Yardhouse	Meeting to make offer to Brian Tite
4/10/2007	\$30.00		Tong's Hunan	LC, SL, JS LNS Re: Reporting changes
4/23/2007	\$85.00		Bo Chinn's	Lunch w/ Leslie, Julie DD, BT & LNS. (EA's)
3/16/2007	\$37.83		Bravo	After Haynes LC, DD & LNS discuss Max/Bio-tech
4/11/2007	\$33.09		Monica's	Lunch SL, JS, LC & LNS re: results
4/30/2007	\$25.27		Moon Doggies	Lunch LC, SL, DD & LNS re: status update LC out
5/1/2007	\$61.00		Wildfire	Drinks before dinner
5/1/2007	\$238.00		Wildfire	Dinner w/ BT, CK, DC & LNS Finance dept heads
4/6/2007	\$17.93		Famos	Lunch w Stokes and LNS
5/4/2007	\$460.00		Café Lucci	Dinner w/ Brian T, wife, LC, MS LNS and Natalie
5/16/2007	\$9.07		Dunkin Donuts	Donuts for breakfast meeting ET BOD prep
6/8/2007	\$31.00		Los Hanches	Lunch w/ BT, DD & LNS Re: Phoenix Dept design
TOTALS	\$1,225.37	\$167.57	\$1,392.94	

Grand Total

Date: _____

New

11/92

Appendix 5

UTILITIES, INC.

BUSINESS EXPENSE REPORT

Page 5 of 9

NAME: Larry Schumacher

FROM: 4.1.07 TO: 06.20.07

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
5/22/2007		\$8.90	Mileage	To/From ORD (20*.445)
5/22/2007		\$0.90	Ipass	Tolls to/from ORD
5/22/2007		\$68.00	O'Hare	Parking at ORD
5/22/2007		\$1,778.80	AA	Airfare to/from ORD/MCO
5/22/2007		\$4,082.48	Disney Yatch Club	Hotel for BOD meeting-master billing
5/22/2007	\$111.00		HMS Host	Drinks/snacks at MCO flight delayed (Exec T
5/20/2007	\$457.80		Bluezoo	Dinner w/ J Hoy, wife. LC, JS and LNS
5/21/2007	\$61.09		Yatch Club Galley	Breakfast for SL, DD & LNS
5/20/2007	\$17.00		HMS Host	Lunch at ORD
5/21/2007	\$3,625.00		Shula's	Dinner/appetizers for entire group BOD, HS,
5/22/2007		\$75.00	Taxi	To MCO from hotel for 3 LNS, JS & BT
				002-0005-7758390 = 4,271.89 -
				002-0005-7758365 = 6 PM .08 -
				BOD meeting Orlando FL
TOTALS	\$4,271.89	\$6,014.08	\$10,285.97	

Grand Total

Signature _____

Date: _____

Appendix 6

UTILITIES, INC.

BUSINESS EXPENSE REPORT

PAGE 2 of 2

NAME: John D. Williams

FROM: 5/12/07 TO: 5/20/07

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
		\$0.00	Balance of Page 1	
5/12	✓ \$447.61		Delta Airlines	Tallahassee to San Diego CA to serve as faculty at the NARUC Rate School
				Round trip
		✓ 195.20	Alamo	Rental Car for the week
		✓ 44.13	gas	
5/12	✓ 37.68		Marriott hotel	dinner
5/15	✓ 146.29		" "	lunch for all UT employees at conference
5/13	✓ 220.48		restaurant	dinner for other NARUC faculty + NAWSC executives
5/16	✓ 170.72		rest.	dinner for other NAWSC faculty + NAWSC exec.
5/18	✓ 135.21		rest.	" " " " " " " "
5/19	✓ 75.57		rest.	" " " " " " " "
				(note Rate school paid for hotel room)
		✓ 354.99	Delta Airlines	change fee to travel San Diego to Orlando
		✓ 60.88	Avis	to attend UT Board Meeting - rental car
		✓ 28.96	gas	to return to Tallahassee
TOTALS	\$0.00	+\$0.00	\$1917.77	Grand Total

FOR San Diego / Orlando trip

Signature John D. Williams

Date: 8/8/07

John 8/15/07

Appendix 8

V15139

UTILITIES, INC.

BUSINESS EXPENSE REPORT SEP 1 2007

CoBank Conference & Misc.

EXP 7-8/07

NAME: Steven M. Lubertozzi

FROM: 7/8/2007 TO: 8/31/2007

Date	Meals	Other	Paid To	Description of Expense or Activity, Persons Involved
16-Aug-07		477.81	United	Airfare to ASE
16-Aug-07		1,588.80	American Airlines	Airfare to DEN
27-Aug-07	69.83	274.00	St. Regis	Room charges and drinks and appetizers
28-Aug-07	37.00	274.00	St. Regis	Room charges and drinks and appetizers
29-Aug-07	95.94	274.00	St. Regis	Room charges and drinks and appetizers
30-Aug-07		90.00	O'Hare	Parking
08-Aug-07		122.56	AT&T	Cell phone
17-Aug-07		60.00	American Airlines	Upgrades to ORD
14-Aug-07	5.83	5.83	Auntie Anne's	Lunch
17-Aug-07		16.92	Monica's	Lunch with Dennis Carrie
31-Aug-07		18.39	Monica's	Lunch with Larry and Lisa
30-Aug-07		4.10	TCBY	Breakfast
08-Jul-07		166.81	AT&T	Cell phone

002-0005-7758370 = 208.60
 002-0005-7758365 = 3,215.35
 001-0001-6759064 = 122.56
 002-0005-7758390 = 25.31

Totals \$ 208.60 + \$ 3,373.22 = \$ 3,581.82 Grand Total

Appendix X9

Signature *Steven M. Lubertozzi*

MNS

Date: September 5, 2007

UTILITIES, INC.

NAME: Don Sudduth

COMPANY: WSC 6000

RECEIVED
SEP 07 2007

V18969
EXP 8/2007

Date	Amount			Paid To	Description of Expense or Activity, Persons Involved	G/L Code
	Meals	Travel	Other			
8/20/2007	✓17.40			Atlanta Bread Co.	Lunch for self + Ray Harrington	
8/20/2007	✓11.40			Cracker Barrel	Dinner for self	
8/20/2007		117.72		Fairfield Inn	Lodging	
8/21/2007	✓9.71			IHOP	Breakfast for self	
8/21/2007	✓1.34			BP	Beverage	
8/21/2007	✓6.76			Subway	Lunch for self	
8/21/2007	64.01			Liberty Tap Room	Dinner for self + Aaron Accardo	
8/21/2007		120.99		Fairfield Inn	Lodging for Finance Mgr interview	
8/22/2007	✓3.70			Chick-fil-A	Breakfast for self	
8/22/2007	✓6.42			McDonald's	Lunch for self	
8/22/2007	✓6.81			Steak n' Shake	Dinner for self	
Subtotals	127.85	238.71	0.00			
8/27/2007		424.40		Delta	Airfare to meet w/Focus Group on UICN annexation & DUI acquisition	
8/28/2007	45.89			Mountain Falls Grill	Lunch for self, Paul Burris & two Focus reps	
8/28/2007		236.30		Planet Hollywood	Show tickets for self + Paul Burris	
8/28/2007	6.03			South Point	Breakfast for self + Paul Burris	
8/28/2007	24.00			Planet Hollywood	Refreshments for self + Paul Burris	
8/28/2007	14.75			Paris	Beverages for self + Paul Burris	
8/29/2007	27.45			IHOP	Breakfast for self + Paul Burris	
8/29/2007			17.00	Servers, Hosts	Gratuities	
Subtotals	118.12	424.40	253.30			

Totals \$ 246.67 \$ 663.11 \$ 253.30 \$ **1,162.08** Grand Total

Signature: Don Sudduth

Date: 8/31/07

Supervisor Signature: [Signature] Date: _____

002-0005-7758370 = 46.14
002-0005-7758390 = 452.83
002-0005-7758365 = 663.11

Appendix 10

3009974

Batch 11346

Doc 15396

UTILITIES, INC.

BUSINESS EXPENSE REPORT

Page 7 of 9

NAME: Larry Schumacher

FROM: 9.07.07 TO: 12.14.07

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
11/29/2007		6200 \$8.90	Mileage	To/From ORD (20*.445)
11/29/2007	/	\$0.90	Ipass	Tolls to/from ORD
11/29/2007	/	\$78.00	O'Hare	Parking
11/29/2007	/	\$1,578.30	American Airlines	Air to/from ORD/LAS
11/29/2007	/	\$466.52	Belliago	Hotel
11/29/2007	\$47.09	✓	Wendy's	Lunch for ET and Paul B and driver coming from AZ
11/28/2007	\$1,041.02	✓ 6205	Eiffel Tower	Dinner for ET + Paul B - John S, after BOD mtg
11/29/2007	\$25.00	✓	HMS Host	Snack at LAS LC, SL & LNS
11/29/2007	\$8.81	✓	JPM at Belliago	Coffee & roll
11/27/2007	\$2,433.89	✓ 6205	Le Cirque @ Belliago	Board dinner, ET & BOD's + Steve G from HS
TOTALS	\$3,555.81	\$2,132.62	\$5,688.43	

Grand Total
 Signature _____ Date: _____ New 11/9

DEC 20 2007

Appendix 11

UTILITIES, INC.

BUSINESS EXPENSE REPORT

V15871

COMPANY: Water Service Corp

NAME: Lisa Crossett

FROM: 9/12/07 TO: 10/18/07

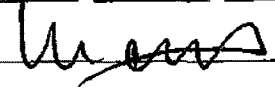
RECEIVED
NOV 16 2007

EXP/10-11/07

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
18-Oct	257.63		Marriott	Rick Durham Meeting
18-Oct	4.94		HMH Host	Breakfast
21-Oct	11.37		Monica's	Planning with LT
30-Oct	16.78		Monica's	Planning with LT
2-Nov		130.00	Lyric Opera	Replacement tickets
7-Nov		235.51	Cingular	October Wireless and Data Service
12-Nov		9.00	Taxi	Taxi
12-Nov		8.00	Taxi	Taxi
12-Nov		36.50	American Taxi	Taxi
12-Nov		42.58	Fed Ex	Fed Ex
14-Nov	451.56		Marriott	NARUC Conference
14-Nov	6.98		McDonalds	Breakfast
14-Nov		68.00	Daycare	Incremental Daycare
TOTALS	749.26	529.59	1,278.85	

002-0005-7758370 = 40.07
 002-0005-7758390 = 839.19
 002-0005-7758365 = 121.50
 002-0005-6759006 = 42.58
 001-0001-6759090 = 235.51

Appendix Form 12

Signature: 

Date: 11/20/07

McDonald's Corporation
 Thank you for eating at McDonald's
 Gracias por su visita a McDonald's
 Restaurant 949-252-6100

18601 AIRPORT WAY
 SANTA ANA, CA 92707

THANK YOU

McDONALD'S 11629 TEL# (800)700-3730

KS#02 **S#1** Nov. 14 '07 (Wed) 07:17
 STORE# 11629 MER# KB08493994001

IMPRINTED DATA ONLY ABOVE THIS LINE DO NOT CIRCLE EXPIRATION DATE

11/13/07
 VIN CROSSETT

EXPIRATION DATE 11/21/07 SERVER/CASHIER 111

DATA CHECKED AUTHORIZATION NO. REFERENCE NO. 90011

5840805

09/10

PURCHASER SIGN HERE
 X *[Signature]*

Cardholder acknowledges receipt of goods and/or services in the amount of the Total shown hereon and agrees to perform the obligations set forth in the Cardholder's agreement with the issuer.

QTY.	DESCRIPTION	AMOUNT
		30.50
	TAX	
	TIP	6.00
	TOTAL	36.50

SALES SLIP

CUSTOMER COPY

IMPORTANT: RETAIN THIS COPY FOR YOUR RECORDS

Order #260 EAT IN

1 EGG McMUFFIN ML 3.30
 1 W/O CANBAC
 2 MILK 3.18

SUB TOTAL 6.48
 EAT IN TAX 0.50

6.98

CARD ISSUER ACCOUNT #
 MSTR SALE *****

TRANSACTION AMOUNT 6.98
 AUTH CODE 136390 SEQ# 1563

CASH TENDERED 0.00

CHANGE

Thank you for choosing
California Yellow Cab!

Receipt amount 9.00
 Cab # _____
 Driver Name: _____

www.californiayellowcab.com

<p>UPPER BAL 1 Aisle 2 Row/Box F Seat 23 \$65 Ex0106 Acct. # 457288 Order # 1338034 JUL01 249578-7</p>	<p>LYRIC OPERA OF CHICAGO CAESAR - 6:30pm Nov. 02, 2007 6:30pm Friday Evening FREE LECTURE 1HR PRIOR TO CURTAIN AT LYRIC Civic Opera House 28 N. Wacker Chicago</p>	<p>UPPER BAL 1 Aisle 2 Row/Box F Seat 23 \$65 Acct. # 457288 Order # 1338034 JUL01 249578-7</p>
<p>UPPER BAL 1 Aisle 2 Row/Box F Seat 21 \$65 Ex0106 Acct. # 457288 Order # 1338034 JUL01 249578-1</p>	<p>LYRIC OPERA OF CHICAGO CAESAR - 6:30pm Nov. 02, 2007 6:30pm Friday Evening FREE LECTURE 1HR PRIOR TO CURTAIN AT LYRIC Civic Opera House 28 N. Wacker Chicago</p>	<p>UPPER BAL 1 Aisle 2 Row/Box F Seat 21 \$65 Acct. # 457288 Order # 1338034 JUL01 249578-1</p>

UTILITIES, INC.

BUSINESS EXPENSE REPORT

V15139

EXP/9/2007

WSC

NAME: Steven M. Lubertozzi

FROM: 9/1/2007 TO: 10/9/2007

L

<u>Date</u>	<u>Meals</u>	<u>Other</u>	<u>Paid To</u>	<u>Description of Expense or Activity, Persons Involved</u>
18-Sep-07	36.11		Johnny's	Lunch with DC & JM
26-Sep-07	111.00		Wyndham	Lunch with LS, LC, DD, JS & JH
06-Sep-07	64.55		Tuscany	Lunch with JH, MC & JH
24-Sep-07	43.24		Wyndham	Lunch with JM and interview candidate
08-Sep-07		138.61	AT&T	Monthly cell phone
01-Sep-07		445.00	Cash	Bears tickets (one time bonus)
15-Sep-07		300.00	American Airline	Admirals Club
09-Oct-07	84.00		Tuscany	Lunch with JH, MC, JM & JM

002-0005-7758390 = 283.90
 001-0001-6759064 = 138.61
 002-0005-7758365 = 300.00

Totals \$ 338.90 + \$ 883.61 = \$ 1,222.51 Grand Total

Signature *Steven M. Lubertozzi*

DL

Date: October 10, 2007

Appendix 13

UTILITIES, INC.

RECEIVED
MAR 19 2008
 BY: _____

BUSINESS EXPENSE REPORT

COMPANY: Water Service Corp

NAME: Lisa Crossett

FROM: 03/03/07 TO: 3/18/07

Batch 19382 3009603
 Doc 41976

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
18-Mar	31.30		Edwardo's	Lunch w/ Hoy, Stover and Schumacher
	31.30	0.00		PROJECT PHOENIX - CC&B
3-Mar		195.00	American Airlines	Airfare
3-Mar	18.14		McDonalds	Lunch
4-Mar		20.00	Daycare	incremental daycare
4-Mar		42.00	O'Hare	Parking
4-Mar		25.00	American Airlines	Flight Change Fee
4-Mar	113.47	376.50	Marriott	Hotel for BOD Meeting
10-Mar		0.40	ISHTA	Tolls
10-Mar	15.00		US House/Senate Cafeteria	NAWC Fly-in - Breakfast and Lunch
11-Mar	15.00		US House/Senate Cafeteria	NAWC Fly-in - Breakfast and Lunch
12-Mar		20.00	Cab	Taxi from Hotel to Airport
12-Mar		0.50	ISHTA	Tolls
12-Mar		128.00	Fly Clear	Government Approved Expedited Security for Frequent Travelers
12-Mar		65.00	Daycare	Incremental daycare
12-Mar		84.00	O'Hare	Parking
12-Mar	17.00		Admirals Club	Lunch
12-Mar	105.18	630.38	Hotel George	Hotel for NAWC Fly-in
17-Mar		232.14	Cingular	March Wireless
	283.79	1,818.84		WATER SERVICE CORP
TOTALS	315.09	1,818.84		2,133.93

MAR 19 2008

Signature: [Handwritten Signature] Date: 3/18/08

Appendix 14

UTILITIES, INC.

RECEIVED
APR 14 2008

BUSINESS EXPENSE REPORT

3009816

WSC Misc.

NAME: Steven M. Luberzozzi FROM: 12/8/2007 TO: 4/10/2008 Batch 21881

<u>Date</u>	<u>Meals</u>	<u>Other</u>	<u>Paid To</u>	<u>Description of Expense or Activity, Persons Involved</u>	<u>Doc</u>
28-Mar-08		207.95	Viscog	Video	
08-Dec-07		131.74	AT&T	Cell Phone-Dec	
08-Jan-08		129.66	AT&T	Cell Phone-Jan	
08-Feb-08		102.46	AT&T	Cell Phone-Feb	
08-Mar-08		129.78	AT&T	Cell Phone-Nov	
19-Mar-08		30.89	Grand Hyatt	Internet-China	
13-Mar-08		24.72	Ritz-Carlton	Internet-China	
16-Mar-08		30.89	Shangri-La	Internet-China	
24-Mar-08	32.00		Edwardo's	Lunch with DC, Ck & GS	
01-Apr-08	53.41		Bob Chinn's	Lunch with JH & GS	
08-Apr-08		375.60	Hyat NYC	Room Charges - Janney	
04-Apr-08		879.00	American Airlines	Airfare	
07-Apr-08	34.77		Wolfgang	Dinner	
08-Apr-08		32.00	O'Hare	Parking	
10-Apr-08	33.14		Tongs	Lunch w/ Larry	

48440

APR 14 2008

Totals \$ 153.32 + \$ 2,074.70 = \$ 2,228.02 Grand Total

Signature [Handwritten Signature] Date: April 11, 2008

Appendix 15

UTILITIES, INC.

BUSINESS EXPENSE REPORT

Page 1 of 9

NAME: Larry Schumacher

FROM: 03.06.08 TO: 05.27.08

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
April		\$40.00	Cingular	Monthly flat fee for cell phone
April		\$40.00	AT&T	Monthly fax line charge-home
April		\$5.99	Cingular	Monthly roaming
April		\$145.46	Cingular	Monthly unlimited data-laptop
3/6/2008	\$77.00		Tuscay	Lunch w/ CK, BS & LNS Re; plan while SL out
3/11/2008	\$28.00		Tongs	Lunch w/ JH, JS & LNS re: rate plan SC
3/11/2008	\$6.50		Starbuck's	Coffee after lunch
4/17/2008	\$30.00		Monica's	Lunch to discuss CC&B LC, JH, JS & LNS
4/15/2008	\$65.14		Grandpa's	Post mtg debrief JS, DS & LNS
4/14/2008	\$63.65		Hunt Club	Pre-mtg Eteam
3/31/2008	\$308.72		Flight	Eteam dinner meeting
May		\$40.00	Cingular	Monthly flat fee for cell phone
May		\$40.00	AT&T	Monthly fax line charge-home
May		\$5.99	Cingular	Monthly roaming
May		\$145.46	Cingular	Monthly unlimited data-laptop
4/29/2008	\$15.17		Dunkin Donuts	For office
5/8/2008	\$236.00		Wildfire	ETeam monthly dinner meeting
5/13/2008	\$93.82		Osteria di Tramonto	Eteam lunch after Business Meeting
5/9/2008	\$45.00		Tuscay	Prep lunch for Bus Mtg LC, SL, JS, JH & LNS
5/12/2008	\$1,871.36		Tramonto's	Dinner before Bus Mtg, ET & Miller, Nevin, Gudovic
3/19/2008	\$27.16		Tongs Hunan	Lunch w/ JS, JH & LNS Re: H/R related
TOTALS	\$2,867.52	\$462.90	\$3,330.42	

Grand Total

Date: _____

New
11/92

Appendix 16

UTILITIES, INC.

BUSINESS EXPENSE REPORT

Page 2 of 9

FROM: 03.06.08 TO: 05.27.08

NAME: Larry Schumacher

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
4/10/2008		\$280.13	Hyatt	Hotel in Orlando-forced overnight AA MD80 issue
4/10/2008		\$60.00	O'Hare	Parking
4/10/2008		\$8.90	Mileage	To/From ORD (20*.445)
4/10/2008		\$0.90	Ipass	Tolls to/from ORD
4/9/2008	\$129.96		Hyatt	Dinner LC & LNS
4/9/2008	\$39.55		Hyatt	Snack/Drink pre dinner LC & LNS
4/9/2008	\$19.77		Hyatt	Dessert LC & LNS
4/9/2008		\$119.90	Spring Hill Suite	Hotel in Orlando
4/8/2008	\$28.00		Ruth's Chris	Drink after dinner Flynn Gongre Durham, LC & LNS
4/8/2008	\$778.15		Ruth's Chris	Dinner Flynn Gongre Durham, LC & LNS
4/10/2008		\$763.00	AA	Airfare to/from ORD-MCO
4/10/2008	\$2.29		Starbucks	Coffee at MCO
TOTALS	\$997.72	\$1,232.83	\$2,230.55	

Grand Total

Signature _____

Date: _____

New

11/92

Appendix 17

[REDACTED]

25% of this should be capped to CC&B
 75% expensed
 AA MD 80 issue

UTILITIES, INC.

NAME: 3009974
Larry Schumacher

JUN 25 2008

BUSINESS EXPENSE REPORT

Page 1 of 9
FROM: 05.28.08 TO: 06.23.08

Batch 28000
Doc 70218

Date	Amount		Paid To	Description of Expense or Activity, Persons Involved
	Meals	Other		
June		\$40.00	Cingular	Monthly flat fee for cell phone
June		\$40.00	AT&T	Monthly fax line charge-home
June		\$5.99	Cingular	Monthly roaming
June		\$145.46	Cingular	Monthly unlimited data-laptop
6/4/2008	\$116.12		Bravo	Thank you dinner for B. Sowell w/LNS, JPH, JHopkins
6/5/2008	\$17.06		Moon Doggie's	Lunch w/ JPH, LAS, LNS Re: Phoenix "ownership" mtg
6/6/2008	\$58.00		Moretti's	Lunch w/JPH, JRS, SML LNS Re: exp report Research
6/9/2008	\$27.47		Dog Walk	Lunch w JPH, JRS, LAS, LNS Re: bill launch CC&B
5/11/2008	\$26.51		Dog Walk	Lunch w JPH, JRS, LAS, LNS Re: go/no go CC&B??
6/13/2008	\$6.69		Dunkin Donuts	Coffee after lunch JPH, LAS, LNS
5/6/2008	\$68.14		Hackney's	Lunch w/ Algonquian & SML, LAS & LNS
6/12/2008	\$49.50		Johnny's	Drinks after work with Ron, JPH, JRS & LNS
6/6/2008	\$30.34		Dunkin Donuts	Donuts for office for National Donut Day
TOTALS				
	\$399.83	\$231.45	\$631.28	

Grand Total

Date: _____

New
11/92

JUN 25 2008

Appendix 18

OAC 1-49

Form **990**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No 1545-0047

2007

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning

and ending

B Check if applicable

- Address change
- Name change
- Initial return
- Termination
- Amended return
- Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization

NATIONAL ASSOCIATION OF WATER COMPANIES

Number and street (or P.O. box if mail is not delivered to street address)

2001 L STREET, NW

City or town, state or country, and ZIP + 4

WASHINGTON, DC 20036

D Employer identification number

52-1132365

E Telephone number

202-833-2181

F Accounting method
 Other (specify) Cash Accrual

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

Hand I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates **N/A**

H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: **WWW.NAWC.ORG**

J Organization type (check only one) 501(c) (6) (insert no) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

I Group Exemption Number **N/A**

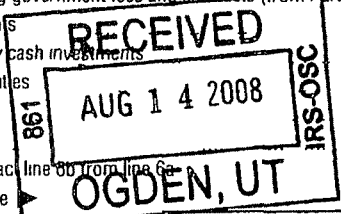
M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **3,183,622.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

SCANNED AUG 25 2008

Revenue	1 Contributions, gifts, grants, and similar amounts received:					
	a Contributions to donor advised funds		1a			
	b Direct public support (not included on line 1a)		1b			
	c Indirect public support (not included on line 1a)		1c			
	d Government contributions (grants) (not included on line 1a)		1d			
	e Total (add lines 1a through 1d) (cash \$ _____ noncash \$ _____)		1e			0.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)		2			294,706.
	3 Membership dues and assessments		3			2,521,488.
	4 Interest on savings and temporary cash investments		4			218,948.
	5 Dividends and interest from securities		5			
	6 Other investment income (describe _____)		6			
	6a Gross rents		6a			
6b Less: rental expenses		6b				
6c Net rental income or (loss). Subtract line 6b from line 6a		6c				
7 Other investment income (describe _____)		7				
8 Gross amount from sales of assets other than inventory	(A) Securities	8a	(B) Other			
	98,817.		49,663.			
b Less: cost or other basis and sales expenses		8b				
	99,000.		54,045.			
c Gain or (loss) (attach schedule)		8c				
	-183.		-4,382.			
d Net gain or (loss). Combine line 8c, columns (A) and (B)	STMT 2		STMT 3		-4,565.	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>		9				
a Gross revenue (not including \$ _____ of contributions reported on line 1b)		9a				
b Less: direct expenses other than fundraising expenses		9b				
c Net income or (loss) from special events. Subtract line 9b from line 9a		9c				
10 Gross sales of inventory, less returns and allowances		10a				
b Less: cost of goods sold		10b				
c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a		10c				
11 Other revenue (from Part VII, line 103)		11				
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11		12			3,030,577.	
Expenses	13 Program services (from line 44, column (B))	13				
	14 Management and general (from line 44, column (C))	14				
	15 Fundraising (from line 44, column (D))	15				
	16 Payments to affiliates (attach schedule)	16				
	17 Total expenses. Add lines 13 and 14, column (A)	17			2,825,617.	
Net Assets	18 Excess or (deficit) for the year. Subtract line 17 from line 12	18			204,960.	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19			2,864,356.	
	20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 4	20			61,628.	
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21			3,130,944.	



723001 12-27-07 LHA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2007)

Handwritten mark resembling a stylized '8' or 'G'.

Part III Statement of Program Service Accomplishments (See the instructions)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► SEE STATEMENT 6	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	
a CONFERENCES, SEMINARS & MEETINGS CONSISTING OF WORKSHOPS, BUSINESS SESSIONS AND INFORMATION PROGRAMS TO ADDRESS THE CONCERNS OF THE INVESTOR OWNED WATER INDUSTRY AND PROVIDE AN OPPORTUNITY FOR MEMBERS TO SHARE INFORMATION ATTENDED BY 500 MEMBERS AND GUESTS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
b PRINTING AND PUBLICATIONS INCLUDE NEWSFLOW NEWSLETTER, F&O DATA AND FINANCIAL SUMMARY REPORTS, COPIES OF REGULATORY SOURCEBOOKS PROVIDED TO 500 MEMBERS AND INTERESTED PARTIES.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
c GOVERNMENT AFFAIRS ACTIVITIES PROVIDE LEGISLATIVE LIAISON, MONITOR IMPORTANT LEGISLATION AND REPORT TO MEMBER COMPANIES, PROVIDE TECHNICAL EXPERTISE AT HEARINGS AND TO REGULATORY AGENCIES.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
d REGULATORY AFFAIRS PROVIDE LIAISON AND INFORMATION OF INTEREST TO MEMBER COMPANIES FROM STATE REGULATORY AGENCIES. PROVIDE REGULAR UPDATES OF REGULATORY DECISIONS IN EACH STATE TO 150 MEMBER COMPANIES.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 6
PART III

EXPLANATION

THE PRINCIPAL PURPOSE OF THE NATIONAL ASSOCIATION OF WATER COMPANIES IS TO STRENGTHEN AMERICA'S INVESTOR-OWNED DRINKING WATER SUPPLY INDUSTRY BY PROMOTING, PRESERVING AND PROTECTING ITS MEMBER COMPANIES. THE ASSOCIATION AFFORDS MEMBER COMPANIES A WAY TO COMBINE COMMON INTERESTS TO IMPROVE BROAD-BASED RESPONSES TO NATIONAL AND STATE PUBLIC INTEREST QUESTIONS THAT ARE BEYOND THE MEANS OF ANY SINGLE COMPANY TO FURNISH.

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 7

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE AND EQUIPMENT	470,952.	0.	470,952.
ACCUMULATED DEPRECIATION	0.	102,826.	-102,826.
TOTAL TO FORM 990, PART IV, LN 57	470,952.	102,826.	368,126.

FORM 990 OTHER LIABILITIES STATEMENT 8

DESCRIPTION	BEGINNING OF YEAR	END OF YEAR
DEFERRED COMPENSATION & ACCRUED POST RETIREMENT BENEFIT COST	758,412.	771,020.
DEFERRED LEASEHOLD IMPROVEMENTS	0.	107,084.
TOTAL TO FORM 990, PART IV, LINE 65	758,412.	878,104.