

Appendix A
Direct Testimony of James E. Salser

Summary of Education and Business Experience

I have a Bachelors Degree in Business administration from West Virginia State College. I also attended the NARUC Water Utility Rate Seminar in 1973. On January 1, 1966, I was employed by the American Water Works Service Company (“Service Company”) as a staff accountant assigned to the property section of the Midwest Division, located in Richmond, Indiana. Approximately one year later, I was promoted to the Accounting Department. On August 1, 1968, I was transferred to Charleston, West Virginia, and the Southern Region of the Service Company. In Charleston, I was assigned to the Rate Department, where my principal duties were to prepare and testify on accounting exhibits for the Company's rate filings. While in Charleston, I testified before West Virginia Commission and the State Corporation Commission of Virginia on many occasions as an accounting witness.

On March 1, 1980, I transferred to Massachusetts to establish a Rate Department for the New England Division of the Service Company. On November 1, 1983, I was elected Treasurer and Vice President of the nine operating companies comprising the New England Division. On January 1, 1984, I was promoted to Manager of Finance of the New England Division. During my assignment in the New England Division, I testified as the accounting and financial witness before the utility regulatory commissions of Connecticut, New York, Rhode Island, New Hampshire and Massachusetts. I have also testified on the sale of preferred stock in Rhode Island, and the sale of bonds and common stock in Connecticut.

In the Spring of 1986, I was given an additional assignment to set up a complete on-line, real-time billing and accounting system on personal computers

for the Massachusetts and New Hampshire companies. All the companies were on the system by July 1, 1987.

On September 1, 1987, I transferred to the corporate office of the Service Company in New Jersey as Director of System Accounting-Accounting Systems. In this position, I was a member of a team investigating the possibilities of setting up an on-line, real-time accounting and financial system for the total American Water System at one location. I was also in charge of the budgeting process system-wide. During the summer of 1988, I was involved in the development of an on-line accounting and financial system for the Western Region of the Service Company.

On January 1, 1989, I transferred to Richmond, Indiana, as Director of the Rates and Revenue Department of the Service Company's Mid-America Regional Office. During the assignment at the Mid-American Region, I submitted financial testimony in rate cases for Indiana-American Water Company, Missouri-American Water Company, Illinois-American Water Company, Ohio-American Water Company and this Company. I also submitted prepared financial testimony regarding the acquisition of Indiana Cities and Missouri Cities by Indiana-American Water Company and Missouri-American Water Company, respectively.

On January 1, 1994, I accepted a transfer to Mt. Laurel, New Jersey, as Director of the Rates and Revenue Department of the Service Company's regional office. After my transfer to Mt. Laurel, I submitted testimony for Kentucky-American Water Company, Tennessee-American Water Company, Maryland-American Water Company, Missouri-American Water Company, including the former Missouri Cities Water Company, Virginia-American Water Company and Michigan-American Water Company (formerly Northern Michigan Water Company), and the last Iowa-American Water Company rate case. In August

1999, I retired from the Service Company, after 34 years of service, to establish my consulting business.

As Director of Rates for the Service Company, I had responsibility for the preparation and presentation of applications for rate adjustments to the agencies or regulatory bodies having jurisdiction over twelve (12) operating subsidiaries of American Water Works Company, Inc. As Director of Rates, I also had responsibility for activities related to the preparation of the financial and economic aspects of rate increase applications commensurate with the financial objectives established for the operating companies assigned to the Region. This responsibility included, but was not limited to, the following:

1. Supervise and coordinate the preparation of applications for rate changes in regulatory proceedings, including supporting documents and exhibits as prescribed by management policies and the respective regulatory commissions;
2. Testify before regulatory commissions on various regulatory applications, as required;
3. Maintain communications with staff members of regulatory commissions and agencies;
4. Review the financial statements and reports of the operating companies and supervise the rate analysis of those statements and reports, including recommendations for rate applications;
5. Make studies relating to the impact of proposed rates on the revenues, rate of return and the tariff structure of the operating company involved;
6. Supervise and coordinate the implementation of regulatory orders including the development of tariff pricing to produce the authorized revenue; and

7. Prepare the projected rate increase required in the five-year business plan to maintain the company's ability to attract additional capital to finance construction projects.

Recently, I prepared and filed testimony for a Virginia-American's last two rate cases, which included a jurisdictional and non-jurisdictional cost of service study. I participated in the preparation and filing of the Ohio-American rate case and the Missouri-American rate case. The Commission staffs were preparing their audit in those cases at the time of my retirement. Both of these Companies have requested my services for the rate cases on file until those cases were concluded. Since then, I have prepared schedules and exhibits in the most recent rate cases for both of these Companies.

American Water Works Company acquired St. Louis County Water Company in June of 1999. I signed a 1-year consulting contract with the Service Company to provide senior management advice regarding a rate case and to merge the three Missouri operations within the American System. In addition to the acquisition of these municipal operations and contracts to sell water to water districts, I also developed a revenue requirement for a main replacement program and was the witness supporting the model in the St. Louis County Water Company rate case.

In 2000 assisted the Raytown Water Company in its rate case regarding the Missouri Public Service Commission staff audit reports and the negotiation of a rate case stipulation.

I coordinated the filing of the Iowa-American rate case in April 2001. I was the witness supporting the rate base calculation in that rate case.

In 2002 and 2003 I the prepared Annual Information Filing for the Virginia-American Water Company, develop a program to budget revenues by route by

class by month for the West Virginia American Water, also develop and supported a small maintenance replacement program and the income taxes calculation for the Tennessee-American Water Company rate case. In 2003 I prepared a cash working capital lead/lay study for the West Virginia American Water rate case and filed rebuttal testimony regarding any disagreement with the lead/lay study. Also during 2003 I prepared rate case for the Raytown Water Company and negotiation a rate case stipulation, I prepared a bill analysis for the Ohio American Water, prepared a labor and related expenses adjustment and the rate base for Indiana-American Water Company rate case that was filed in the fall of 2003, assist in preparing rebuttal and sur-rebuttal testimony regarding the Missouri American Water Company rate case hearing in December 2003. In January of the year I begun to assist in the preparation of a Virginia American Water and West Virginia American Water rate cases filed this year and I begin to assist in the preparation of this rate case in March of this year.

I have testified in Ohio, Virginia, New York, Connecticut, Rhode Island, Massachusetts, New Hampshire, Indiana, Maryland, Illinois, Missouri, Kentucky, Tennessee, Iowa, Michigan, and West Virginia.