



American Water Works Service Company, Inc.

1025 Laurel Oak Road • P.O. Box 1770 • Voorhees, New Jersey 08043 • (856) 346-8201 • Fax (856) 346-8330

John R. Bigelow
Vice President
856-346-8334
bigelow@amwater.com

December 3, 1999

(A copy of this Request For Proposal was sent to the attached list of Consultants.)

**Re: American Water Works Service Company
Consolidated Customer Call Center**

Dear Colleague:

Enclosed is a Request for Proposal ("RFP") for the referenced project for your review. We request your submission of a proposal to consolidate American Water Works Company, Inc. (American) call centers.

American operates regulated and unregulated businesses which are focused on various aspects of providing water and wastewater service in 22 states. This project will be managed by American Water Works Service Company, Inc., also a subsidiary of American Water Works Company.

The proposals must be received by January 3, 2000 and forwarded to my attention as follows:

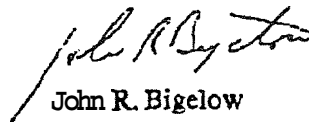
**John R. Bigelow
Vice President-Shared Services
American Water Works Service Company, Inc.
1025 Laurel Oak Road, P.O. Box 1770
Voorhees, New Jersey 08043**

No other copies of the proposal are required, and faxed copies of the proposal will not be accepted. There will be proposal presentation meetings scheduled during the week of January 10, 2000. It is anticipated that a notice of an award for services will be issued by January 31, 2000 following the evaluation of the proposals.

Request For Proposal
December 3, 1999
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Should you have any questions, please contact me by phone at (856) 346-8354 or by E-mail at jbigelow@amwater.com.

Sincerely,



John R. Bigelow

CWg
Enclosures
120199.001

c: D. L. Kelleher (w/att.)
E. C. Wolf (w/att.)
R. 3. Gallo (w/att.)
C. E. Jarrett (w/att.)
R. Lee (w/att.)

**American Water Works Service Company
Regional Consolidated Customer Call Center
Implementation Study**

Request For Proposal

List of Consultants

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Andersen Consulting
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Stephen J. Lukens
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C. A. (Sandy) Sanders, Jr.
Deloitte & Touche LLP
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191 Peachtree Street
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**AMERICAN WATER WORKS SERVICE COMPANY
REGIONAL CONSOLIDATED CUSTOMER CALL CENTER
IMPLEMENTATION STUDY**

REQUEST FOR PROPOSAL

Background

American Water Works Company, Inc. ("American"), operates regulated and unregulated businesses which are focused on various aspects of providing water and wastewater service. American Water Works Service Company ("the Company") is a subsidiary of American. The Company provides professional services as required to affiliated companies. Services include accounting, administration, communications, corporate secretarial, engineering, financial, human resources, information systems, operations, rates and revenue, risk management and water quality. This arrangement affords affiliated companies professional and technical talent otherwise unavailable economically or on a timely basis.

The affiliated companies of the American Water System include 23 utility subsidiaries that provide water and/or wastewater service to more than 10 million people in 879 communities in 22 states. American has recently announced the acquisition of San Jose Water, Citizens Utilities water operations and a number of United Water properties. These acquisitions will add an additional 550,000 customers to the American System. Over its 113-year history, American has acquired, and continues to acquire, a large number of water utility systems of various sizes. In general, those acquired companies at one time maintained their own telephone systems and customer service call centers. However, consolidated statewide call centers have been established at most locations. American currently operates 22 call centers at various locations with varying capacities as follows:

State	Number of Call Center Associates	Number of Customers
Pennsylvania (1)	115	541,600
New Jersey	57	340,400
Indiana	29	238,800
Illinois (2)	33	208,600
West Virginia	35	153,100
Western Region (3)	22	131,800
Missouri (2)	40	397,800
Kentucky	12	96,400
Tennessee	17	69,500
New England (3)	7	66,400
Iowa	5	55,600
Virginia	8	48,400
Ohio	10	41,000
Long Island	7	73,500
Maryland	3	4,600
Michigan	1	3,700
Total	401	2,471,200

(1) Three Centers
(2) Two Centers

(3) One Center to cover Connecticut, New York, Massachusetts, and New Hampshire
(4) Four Centers to cover California, New Mexico, Arizona, and Hawaii.

The proposed project is to analyze American's current customer call centers and to implement a consolidated solution that will reduce operating costs and improved service. The proposed solution must accommodate immediate needs and be expandable to satisfy the growing needs of the American Water System. To that end, this Request for Proposal is aimed at securing the services of a qualified party to provide expert, direct assistance to American Water Works Service Company for planning and implementing a customer support operation with improved cost efficiency and service quality.

In reviewing the scope of services, the following conditions and assumptions should be considered:

- American will continue to acquire water utility systems.
- There are a variety of telephone systems currently in use within the American Water System, including systems manufactured by Lucent, Siemens, Mitel, and Norstar systems. Each of these systems *have their own voice-mail, call center software, and in some cases, Integrated Voice Response (IVR) systems.*
- American has a national contract with AT&T for telecom and datacom services. The datacom is delivered via frame relay.
- Present operating structure allows for different operating processes at each call center.
- Copies of information on individual state operations will be provided after American receives a signed copy of the attached nondisclosure agreement.
- State regulation may dictate certain different operating requirements in each state.

Scope of Services

The consultant will be responsible for developing a comprehensive management plan that provides a specific strategy for planning and implementing the proposed all center, and facilitating all activities associated with creating the call center from start to finish. The following scope of minimum services shall be provided for this project:

1. *Review and evaluate existing processes.* A comprehensive review shall be made of the workload, call load, workflow, technology, management, and functions of the existing call center operations. Call center requirements, operating rules, water rates and tariffs vary by state and perhaps by service area. The proposal must consider existing essential functions of each call center, noting those related to requirements of a specific state or local jurisdiction.
2. *Develop common business process and practices.* The product of this effort must identify best business practice and process that will provide American with the basis to provide top quartile service performance at market competitive costs. Where possible, companies will be encouraged to modify local regulatory requirements to capture efficiencies of call center operation.
3. *Projection of workload and needs of a consolidated call center organization.* An evaluation and assessment must be made of the needs and resources required to consolidate call center operations to handle existing and projected customers. The work load projection must consider the need and requirements for 24 hours per day, 7 days per week operations.

4. *Evaluate and recommend an optimum location for the consolidated call center.* The proposal should consider local labor availability and costs; local cost of space; existing and potential union issues; potential customer reactions to call center accents and/or attitudes; and the American System area of operations.
5. *Develop a comprehensive staffing plan for the implementation of a new consolidated call center.* The plan shall compare existing and proposed staffing organizations and costs, including a detailed evaluation of existing and proposed skill level wages, benefits, and levels of organization.
6. *Evaluate and recommend technology needs for the call center(s).* Based upon the recommended location, the proposal should also include interface issues with existing and planned customer information systems and other business systems hardware and software. The consolidated call centers will likely need to interface with multiple information systems data centers. The plan shall consider unique calls (that must be handled more than once), emergency calls, after hour calls, and calls for specific individuals. Call center must also interface with all local operating Districts within a state; both by voice and data (to transmit service orders),
7. *Develop a transition plan to migrate from current operations to a consolidated organization.* Include a detailed critical path and budget schedule. The plan must include all aspects of the project necessary to migrate to the consolidated organization including, but not limited to, staffing, closing of existing centers, data transition, testing, and other transition issues. The plan shall be submitted in draft format for comment from the company.
8. *Evaluate and develop industry benchmarks.* The proposal shall include a performance metrics of industry standards for customer call centers. The benchmarks shall allow American to measure performance to industry wide performance not just in the water or utility industry. At a minimum, the benchmarks shall include calls per representative per day; answer time; and drop rate. These measures must also be applied to the company's current operation to develop our baseline of customer case performance.
9. *Prepare cost estimates.* Budget capital and operations costs for the consolidated call center should be prepared for the final recommended solution.
10. *Prepare a specification for communication and technology equipment needs for the call center operations.* Detailed performance and technical specification shall be prepared to bid the communication and information systems interface equipment required for the call center.
11. *The Request For Proposal must include proposed communication system.* As noted above, American operates in 23 states. The consolidated call center will require a communication (voice and data) system to assure timely, accurate communication between field associates and the call center.

Schedule

The Consultant shall develop a company-by-company schedule that will achieve implementation of a centralized call environment as soon as practicable, but no later than July 2001. Detailed project management schedules shall be provided. The Consultant shall manage the schedule and report performance and any variances at least monthly over the duration of the project.

Meetings

The Consultant shall include, at minimum, monthly meetings as a part of the project proposal. Project meetings will generally be held in Voorhees, New Jersey. The American Water System has teleconference and videoconference capabilities and the Consultant can offer possible opportunities to use this technology to save time and money for certain project management meetings. All visits to call centers required for system evaluations shall not be considered as meetings and must be included in the proposal separately as required. The Consultants project manager must attend all project meetings.

Workgroups

The Consultant shall establish workgroups made up of selected management and supervisory representatives from selected companies to assure that all local business activities and processes currently conducted at local call centers are considered in the design of the new operation.

Project Communications

In order to facilitate communications, the ability to access the World Wide Web, and send and receive E-mail across the Internet, is mandatory for this project. As a minimum, the Consultant's project manager and the project manager for any subconsultants that will be performing a large percentage of the work shall have this capability. These electronic communication capabilities shall be in place for each required member of your team prior to the initial project meeting. The Web browser that is utilized must be capable of handling file attachments, and E-mail software must be MIME (Multipurpose Internet mail Extensions) compatible in order to send file attachments without the need to encode/decode. The most current browser and E-mail packages provided by both Microsoft and Netscape includes these features. Additionally, the Consultant shall have the ability to forward and read electronic data files (word processing documents, spreadsheets, etc.) which were using the most current version of Microsoft Office.

American Water Works Service Company also currently utilizes a Web based bulletin board style Project Discussion database to facilitate discussions with Consultants outside of our organization. It is mandatory that this database be utilized for this project. The Project Discussion database can be accessed from the American Water Works Service Company home page at <http://www.syseng.amwater.com>. For security purposes, obtaining access to the Project Discussion database is a two-step process. This consists of first registering with American Water Works Service Company (i.e., a one-time process of identifying yourself and your company, and selecting a password), then requesting access for this specific project. Access will only be granted to the selected Consultants and their designated subconsultants. Additional information

regarding the specific use of this database will be provided at the time of notification to the successful Consultant.

It is acceptable to offer an alternate means of facilitating project communications provided it is an Internet/Web based solution with easy access by American Water Works Service Company. This optional system can include the capability to track schedules, budgets, task orders, requests for information, and invoicing. It must include both electronic mail and electronic discussion group capabilities. Specific details of any alternate means of facilitating project communications must be included with your proposal.

Proposal Requirements

1. Proposals must include a Statement of Experience Qualifications that includes examples of relevant abilities, completed work, or other information that specifically relates to the proposed project. Include a company work history of recent projects that have been conducted by your firm and that demonstrate your experience as it relates to the aspects required for this project. References for those projects, including a specific contact person and phone number, shall also be required. A minimum of five (5) and a maximum of ten (10) references are required.
2. The project staff must be named and corresponding individual qualifications must be provided. The Project Manager must be specified by name. Resumes and a work experience history of each individual identified in the project team organizational chart.
3. The proposal shall include a high-level business case for the consolidation that identifies the financial benefits American is likely to achieve with your plan. The business case must identify key service level assumptions, expected investment costs, the number of service centers that will ultimately exist, the expected size of the center(s); technology involved and the estimated ongoing cost of operation.
4. A narrative must be included in the proposal that articulates a full understanding of the proposed project and a critique of your proposed implementation approach. Major work tasks should be described in full detail.
5. A project schedule must be provided in Critical Path format.
6. A detailed consulting budget must be included that includes applicable scheduler for project expenses, along with a "not to exceed" figure for the total price of major work tasks as well as the overall project.
7. Project deliverables will include, but not be limited to, monthly status reports, a report of findings and recommendations, a Request for Proposal for the call center, communication equipment, and all other project requirements, a written evaluation of prospective system vendors and associated recommendation and a final report. All reports shall include up to two revisions as deemed necessary by the Company. A consolidated call center operating cost and service levels must be indicated in the project design. Monthly project progress meetings should be included in the project budget.
8. Supplemental hourly rates for staff members.

9. Specifics of any exceptions, that are taken to items in this Request For Proposal are requested in this document. If no exceptions are taken, it is not necessary to reiterate the information in the Scope of Services Required.
10. Specifically identify any sub-consultants that will be utilized for this project. If sub-consultants will be utilized, the resumes of the specific individuals will be required as well as a work experience history of their firms, including three (3) references with specific contacts and phone numbers.

cwg
Attachment: Nondisclosure Agreement

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