

SERVICE FIRST PROJECT- ANNUAL COSTS

	2003	2004	2005	Total
<b>Consultancy</b>				
MDSI	\$ 300,000	\$ 662,250	\$ 400,000	\$ 1,362,250
MDSI Expenses	\$ 30,000	\$ 66,225	\$ 40,000	\$ 136,225
SAP	\$ 115,223	\$ 456,777	\$ -	\$ 572,000
Orcom	\$ 100,000	\$ 410,000	\$ 200,000	\$ 710,000
HAI	\$ 172,558	\$ 187,442	\$ -	\$ 360,000
Drinnan Associates	\$ 60,000	\$ 112,600	\$ -	\$ 172,600
<b>Section Total</b>	<b>\$ 777,781</b>	<b>\$ 1,895,294</b>	<b>\$ 640,000</b>	<b>\$ 3,313,075</b>
<b>Software</b>				
Mercator	\$ -	\$ 21,500	\$ -	\$ 21,500
MDSI Core	\$ 250,000	\$ 1,041,000	\$ -	\$ 1,291,000
MDSI AEG	\$ 14,000	\$ 118,655	\$ -	\$ 132,655
MDSI Afaria	\$ -	\$ 18,800	\$ -	\$ 18,800
Street Level Routing	\$ -	\$ 153,000	\$ -	\$ 153,000
ESRI Geo-Codes	\$ -	\$ 10,000	\$ -	\$ 10,000
Service Terrioty Maps	\$ -	\$ 270,000	\$ -	\$ 270,000
Mobile Mapping	\$ -	\$ 292,900	\$ -	\$ 292,900
Oracle & MqSeries	\$ 300,000	\$ -	\$ -	\$ 300,000
Cognos	\$ -	\$ 20,000	\$ -	\$ 20,000
<b>Section Total</b>	<b>\$ 564,000</b>	<b>\$ 1,945,855</b>	<b>\$ -</b>	<b>\$ 2,509,855</b>
<b>Hardware</b>				
Backup/T1	\$ -	\$ 2,000	\$ -	\$ 2,000
Servers	\$ 665,000	\$ -	\$ -	\$ 665,000
Laptops	\$ -	\$ 4,988,218	\$ 553,250	\$ 5,541,468
<b>Section Total</b>	<b>\$ 665,000</b>	<b>\$ 4,990,218</b>	<b>\$ 553,250</b>	<b>\$ 6,208,468</b>
<b>Training</b>				
MDSI Standard	\$ -	\$ 260,000	\$ -	\$ 260,000
MDSI Additional	\$ -	\$ 41,000	\$ -	\$ 41,000
MDSI Expenses	\$ -	\$ 26,000	\$ -	\$ 26,000
Mercator Design Studio	\$ -	\$ 12,500	\$ -	\$ 12,500
Cognos Impromptu Admin	\$ -	\$ 5,000	\$ -	\$ 5,000
HDB Training	\$ -	\$ 10,000	\$ -	\$ 10,000
<b>Section Total</b>	<b>\$ -</b>	<b>\$ 354,500</b>	<b>\$ -</b>	<b>\$ 354,500</b>
<b>Internal Resource</b>				
Total Cost	\$ 510,000	\$ 560,000	\$ 150,000	\$ 1,220,000
<b>Section Total</b>	<b>\$ 510,000</b>	<b>\$ 560,000</b>	<b>\$ 150,000</b>	<b>\$ 1,220,000</b>
<b>Overheads (3%)</b>				
Sub-Total	\$ 2,516,781	\$ 9,745,867	\$ 1,343,250	\$ 13,605,898
	\$ 75,503	\$ 292,376	\$ 40,298	\$ 408,177
<b>Contingency (5%)</b>				
Subtotal	\$ 2,592,284	\$ 10,038,243	\$ 1,383,548	\$ 14,014,075
	\$ 129,614	\$ 501,912	\$ 69,177	\$ 700,704
<b>Planning Project Costs</b>				
Subtotal	\$ 2,721,899	\$ 10,540,155	\$ 1,452,725	\$ 14,714,779
	\$ 250,000			\$ 250,000
<b>Total</b>	<b>\$ 2,971,899</b>	<b>\$ 10,540,155</b>	<b>\$ 1,452,725</b>	<b>\$ 14,964,779</b>

Service First roll-out schedule

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
North East												
Rollout		225										
Benefit %			50%	75%	100%	100%	100%	100%	100%	100%	100%	100%
\$			\$145,413	\$218,120	\$290,827	\$290,827	\$290,827	\$290,827	\$290,827	\$290,827	\$290,827	\$290,827
South East												
Rollout			275									
Benefit %			50%	75%	100%	100%	100%	100%	100%	100%	100%	100%
\$			\$726,679	\$1,090,018	\$1,453,357	\$1,453,357	\$1,453,357	\$1,453,357	\$1,453,357	\$1,453,357	\$1,453,357	\$1,453,357
Central												
Rollout				200								
Benefit %				50%	75%	100%	100%	100%	100%	100%	100%	100%
\$				\$528,494	\$792,740	\$1,056,987	\$1,056,987	\$1,056,987	\$1,056,987	\$1,056,987	\$1,056,987	\$1,056,987
West												
Rollout												
Benefit %				50%	75%	100%	100%	100%	100%	100%	100%	100%
\$				\$264,247	\$396,370	\$528,494	\$528,494	\$528,494	\$528,494	\$528,494	\$528,494	\$528,494
<b>Total Benefit per quarter</b>			<b>\$145,413</b>	<b>\$944,799</b>	<b>\$1,909,338</b>	<b>\$2,801,171</b>	<b>\$3,197,541</b>	<b>\$3,329,665</b>	<b>\$3,329,665</b>	<b>\$3,329,665</b>	<b>\$3,329,665</b>	<b>\$3,329,665</b>
<b>Benefit per annum</b>				<b>\$1,090,212</b>			<b>\$11,237,716</b>					<b>\$13,318,659</b>

Service First	Headcount Reduction Costs	Overtime value	Total Benefit Value
<b>North East</b>	\$ 703,037	\$ 460,000	\$ 1,163,037
<b>South East</b>			
Field Techs	\$ 2,468,571		
Data Entry/Dispatch	\$ 810,000		
Closers	\$ 1,110,857		
	\$ 4,389,429	\$ 1,584,000	\$ 5,973,429
<b>Central</b>			
Field Techs	\$ 1,800,000		
Data Entry/Dispatch	\$ 590,625		
Closers	\$ 810,000		
	\$ 3,200,625	\$ 1,155,000	\$ 4,355,625
<b>West</b>			
Field Techs	\$ 874,286		
Data Entry/Dispatch	\$ 286,875		
Closers	\$ 393,429		
	\$ 1,554,589	\$ 561,000	\$ 2,115,589
<b>Total</b>	\$ 9,847,680	\$ 3,760,000	\$ 13,607,680

Assumed \$50 O.T. rate \* .5 hour  
 O.T. per person per day \* 220  
 working days \* 600 Techs. For  
 SE, Central and West only

**Assumed Split of Benefit total**

South East	48%
Central	35%
West	17%

Service First Head Count

	Field Techs Assumed \$60k p.a. 1 hour saving per person*	Dispatch Assumed \$75k p.a. 4 hours saving per person*	Data Entry/Closers Assumed \$45k p.a. 6 hours saving per person*
North East	8.0	6.0	8.0
South East	41.1	10.8	24.7
Central	30.0	7.9	18.0
West	14.6	3.8	8.7
<b>Total</b>	<b>93.7</b>	<b>28.5</b>	<b>59.4</b>

\* This does not apply to savings for NER, these savings are outlined in the NER business case

Service First reduction profile

	2004		2005				
	Q3	Q4	Q1	Q2	Q3	Q4	
	Cumulative →						
<b>North East</b>							<b>Numbers in bold indicate total figure to be delivered</b>
<i>Field Techs</i>	4.0	6.0	<b>8.0</b>				
<i>Data Entry/Dispatch</i>	3.0	4.5	<b>6.0</b>				
<i>Closers</i>	4.0	6.0	<b>8.0</b>				
<b>South East</b>							
<i>Field Techs</i>		20.6	30.9	<b>41.1</b>			
<i>Data Entry/Dispatch</i>		5.4	8.1	<b>10.8</b>			
<i>Closers</i>		12.3	18.5	<b>24.7</b>			
<b>Central</b>							
<i>Field Techs</i>			15.0	22.5	<b>30.0</b>		
<i>Data Entry/Dispatch</i>			3.9	5.9	<b>7.9</b>		
<i>Closers</i>			9.0	13.5	<b>18.0</b>		
<b>Western</b>							
<i>Field Techs</i>				7.3	10.9	<b>14.6</b>	
<i>Data Entry/Dispatch</i>				1.9	2.9	<b>3.8</b>	
<i>Closers</i>				4.4	6.6	<b>8.7</b>	

<i>Service First split by year by region</i>				
	2003	2004	2005	Total
<i>North East</i>	\$ 2,971,899	\$ 3,661,980	\$ -	\$ 6,633,879
<i>South East</i>	\$ -	\$ 4,126,905	\$ -	\$ 4,126,905
<i>Central</i>	\$ -	\$ 2,751,270	\$ -	\$ 2,751,270
<i>West</i>	\$ -	\$ -	\$ 1,452,725	\$ 1,452,725
<b><i>Total</i></b>	<b>\$ 2,971,899</b>	<b>\$ 10,540,155</b>	<b>\$ 1,452,725</b>	<b>\$ 14,964,779</b>

STEP CHANGE PROGRAM BUSINESS CASE

Reference  
Project  
Disc. rate 6.5%  
Tax rate 39.0%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Add'l revenues	0	0	0	0	0	0	0	0	0	0	0
Labor cost reductions	743	8,259	9,296	9,575	9,862	10,158	10,463	10,777	11,100	11,433	91,666
Other cost reductions	0	0	0	0	0	0	0	0	0	0	0
Total benefits	743	8,259	9,296	9,575	9,862	10,158	10,463	10,777	11,100	11,433	91,666
Pest implementation costs:											
Training (net capitalized)	0	0	0	0	0	0	0	0	0	0	0
Other	0	(596)	(614)	(633)	(652)	(671)	(691)	(712)	(733)	(755)	(6,059)
Total pest imp. Costs	0	(596)	(614)	(633)	(652)	(671)	(691)	(712)	(733)	(755)	(6,059)
EBITDA	743	7,663	8,682	8,942	9,211	9,487	9,771	10,065	10,367	10,678	85,607
Depreciation	0	(1,305)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(8,331)
Operating Result	743	6,358	7,016	7,276	7,544	7,821	8,105	8,395	8,701	9,012	77,276
Income taxes at 39.0%	(290)	(2,480)	(2,736)	(2,838)	(2,942)	(3,050)	(3,161)	(3,275)	(3,393)	(3,514)	(30,138)
Net Income (without regard to interest)	453	3,878	4,280	4,438	4,602	4,771	4,944	5,120	5,308	5,498	47,139

Prior Yr Inv Capital	0	6,524	7,026	5,360	3,694	2,028	361	0	0	0	0
Less: Depreciation Exp	0	(1,305)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(8,331)
Current Yr Capital Expenditures	6,524	1,807	0	0	0	0	0	0	0	0	0
Current Yr Inv Cap (ending)	6,524	7,026	5,360	3,694	2,028	361	0	0	0	0	0
EBITDA	743	7,663	8,682	8,942	9,211	9,487	9,771	10,065	10,367	10,678	85,607
Less: Depreciation	0	(1,305)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(1,666)	(8,331)
EBIT	743	6,358	7,016	7,276	7,544	7,821	8,105	8,395	8,701	9,012	77,276
Less: Taxes on EBIT	(290)	(2,480)	(2,736)	(2,838)	(2,942)	(3,050)	(3,161)	(3,275)	(3,393)	(3,514)	(30,138)
Tax-affected EBIT	453	3,878	4,280	4,438	4,602	4,771	4,944	5,120	5,308	5,498	47,139
Add back: Depreciation	0	1,305	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	8,331
Less: Capital Expenditures	(6,524)	(1,807)	0	0	0	0	0	0	0	0	(8,331)
Free Cash Flow	(6,071)	3,376	5,946	6,105	6,268	6,437	6,102	6,139	6,324	6,513	47,139
Time Value Factor	1.000	0.939	0.882	0.828	0.777	0.720	0.665	0.614	0.564	0.517	0.473
Discount Factor											
Present Value of Discounted Cash Flows	(6,071)	3,170	5,242	5,054	4,872	4,698	4,182	3,951	3,821	3,695	32,614
Cumulative PV of DCF	(6,071)	(2,901)	2,341	7,395	12,268	16,966	21,147	25,098	28,919	32,614	10-yr NPV of DCF

Operating Result	743	6,358	7,016	7,276	7,544	7,821	8,105	8,395	8,701	9,012	77,276
Prior Year Inv Cap	0	6,524	7,026	5,360	3,694	2,028	361	0	0	0	0
Current Year Inv. Cap.	6,524	7,026	5,360	3,694	2,028	361	0	0	0	0	0
Avg. Inv Cap (AvgNCA)	3,262	6,775	6,193	4,527	2,861	1,195	181	0	0	0	0
Return on Capital Employed	22.8%	93.8%	113.3%	160.7%	263.7%	654.7%	5206.9%	0.0%	0.0%	0.0%	0.0%
Value Contribution at 8.0%	482	5,816	6,520	6,914	7,316	7,725	9,396	10,065	10,367	10,678	75,277
Present Value of Value Contribution	482	5,461	5,749	5,724	5,687	5,638	6,439	6,477	6,264	6,058	53,978
Cumulative PV of VC	482	5,943	11,692	17,415	23,102	28,740	35,179	41,656	47,920	53,978	10-yr NPV of VC

Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Depreciation Factors:										
Am't. to Depreciate (total investment)	(6,524)	(1,807)	0	0	0	0	0	0	0	(8,331)
Depreciation Rate (quarters)	30	(90)	0	0	0	0	0	0	0	(17)
Quarterly depreciation										
Subject										
Year 1 Projects	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305	1,305
Year 2 Projects		361	361	361	361	361	361	361	361	361
Year 3 Projects										
Year 4 Projects										
Year 5 Projects										
Year 6 Projects										
Year 7 Projects										
Year 8 Projects										
Year 9 Projects										
Year 10 Projects										
Total Depreciation	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Total Depreciation	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
of VC										
of VC										







Overtime Savings Calculation

<u>Original Calc</u>		<u>Updated Calc</u>	
Overtime Rate	\$50.00	Total Field Tech OT (2003 JDE)	\$1,815,000
Hours saved	0.5	% saved (based on SF assumptions)	50%
Field Techs	600		
Working days	220		
	<u>\$3,300,000</u>		<u>\$907,500</u>

Southeast	48%	\$435,600
Central	35%	\$317,625
West	17%	\$154,275
	100%	\$907,500

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total Savings</b>												
North East	Rollout Benefit % \$	225 50% \$144,501	75% \$173,251	100% \$720,747	100% \$720,747	100% \$781,321	100% \$781,321	100% \$781,321	100% \$781,321	100% \$781,321	100% \$781,321	100% \$781,321
South East	Rollout Benefit % \$	275 50% \$424,994	75% \$493,391	100% \$566,362	100% \$566,362	100% \$612,108	100% \$612,108	100% \$612,108	100% \$612,108	100% \$612,108	100% \$612,108	100% \$612,108
Central	Rollout Benefit % \$	200 50% \$540,971	75% \$609,727	100% \$690,709	100% \$690,709	100% \$751,839	100% \$751,839	100% \$751,839	100% \$751,839	100% \$751,839	100% \$751,839	100% \$751,839
West	Rollout Benefit % \$	100 50% \$66,762	75% \$81,036	100% \$96,468	100% \$96,468	100% \$102,258	100% \$102,258	100% \$102,258	100% \$102,258	100% \$102,258	100% \$102,258	100% \$102,258
<b>Total Benefit per quarter</b>		\$144,501	\$598,245	\$1,765,109	\$1,963,598	\$2,119,429	\$2,180,607	\$2,241,737	\$2,247,527	\$2,247,527	\$2,247,527	\$2,247,527
<b>Benefit per annum</b>			\$742,746		\$8,018,743		\$8,018,743		\$8,018,743		\$8,018,743	

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Labor Savings</b>												
North East	Rollout Benefit % \$	45 50% \$87,001	22 50% \$605,747	45 100% \$605,747	45 100% \$666,321	50 110% \$666,321	50 110% \$666,321	49.5 110% \$666,321	49.5 110% \$666,321	49.5 110% \$666,321	49.5 110% \$666,321	49.5 110% \$666,321
South East	FTEs Benefit % \$	31 81% \$370,544	25 81% \$411,716	27.9 90% \$457,462	31 100% \$457,462	31 100% \$503,208	34.1 110% \$503,208	34.1 110% \$503,208	34.1 110% \$503,208	34.1 110% \$503,208	34.1 110% \$503,208	34.1 110% \$503,208
Central	FTEs Benefit % \$	4 82% \$501,268	4 82% \$550,173	3.8 90% \$611,303	3.5 90% \$611,303	4 100% \$672,433	4 110% \$672,433	4.4 110% \$672,433	4.4 110% \$672,433	4.4 110% \$672,433	4.4 110% \$672,433	4.4 110% \$672,433
West	FTEs Benefit % \$	4 82% \$47,477	4 82% \$52,109	3.28 90% \$57,899	3.5 90% \$57,899	4 100% \$63,689	4 110% \$63,689	4.4 110% \$63,689	4.4 110% \$63,689	4.4 110% \$63,689	4.4 110% \$63,689	4.4 110% \$63,689
<b>Cumul. FTE Redux (incl. original 22 NER FTEs)</b>		22,275	47,00	105.7	115.28	124.1	128.0	131.6	132	132	132	132
<b>Total Benefit per quarter</b>		\$87,001	\$457,545	\$1,518,731	\$1,660,899	\$1,787,196	\$1,838,732	\$1,899,862	\$1,905,652	\$1,905,652	\$1,905,652	\$1,905,652
<b>Benefit per annum</b>			\$544,546	\$8.7	\$6,805,518		\$6,805,518		\$6,805,518		\$6,805,518	

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Overtime Savings</b>												
North East	Rollout Benefit % \$	50% \$57,500	75% \$86,250	100% \$115,000	100% \$115,000	100% \$115,000	100% \$115,000	100% \$115,000	100% \$115,000	100% \$115,000	100% \$115,000	100% \$115,000
South East	Rollout Benefit % \$	50% \$54,450	75% \$81,675	100% \$108,900	100% \$108,900	100% \$108,900	100% \$108,900	100% \$108,900	100% \$108,900	100% \$108,900	100% \$108,900	100% \$108,900
Central	Rollout Benefit % \$	50% \$39,703	75% \$59,555	100% \$79,406	100% \$79,406	100% \$79,406	100% \$79,406	100% \$79,406	100% \$79,406	100% \$79,406	100% \$79,406	100% \$79,406
West	Rollout Benefit % \$	50% \$19,284	75% \$28,927	100% \$38,569	100% \$38,569	100% \$38,569	100% \$38,569	100% \$38,569	100% \$38,569	100% \$38,569	100% \$38,569	100% \$38,569
<b>Total Benefit per quarter</b>		\$57,500	\$140,700	\$236,378	\$302,739	\$332,233	\$341,875	\$341,875	\$341,875	\$341,875	\$341,875	\$341,875
<b>Benefit per annum</b>			\$198,200	\$1,213,225		\$1,213,225		\$1,213,225		\$1,213,225		\$1,213,225

**Total Savings**

	2004		2005		2006	
	Q1	Q2	Q1	Q2	Q1	Q2
North East	225	50%	275	75%	275	100%
Rollout Benefit %						
\$						
South East	275	50%	275	75%	275	100%
Rollout Benefit %						
\$						
Central	200	50%	200	75%	200	100%
Rollout Benefit %						
\$						
West	100	50%	100	75%	100	100%
Rollout Benefit %						
\$						
<b>Total Benefit per quarter</b>	\$0	\$283,181	\$770,126	\$1,132,628	\$1,329,422	\$1,353,539
<b>Benefit per annum</b>		\$283,181		\$4,585,716		\$1,353,539

**Labor Savings - need to add dispatchers and closers**

	2004		2005		2006	
	Q1	Q2	Q1	Q2	Q1	Q2
North East	22	11	16.5	22	22	22
Rollout Benefit %						
\$						
South East	31	15.5	23.25	31	31	31
FTEs						
Benefit %						
\$						
Central	40	20	20	40	40	40
FTEs						
Benefit %						
\$						
West	4	4	4	4	4	4
FTEs						
Benefit %						
\$						
<b>Cumul. FTE Redux (incl. original 22 NER FTEs)</b>	11	32	65.25	85	96	97
<b>Total Benefit per quarter</b>	\$0	\$228,731	\$648,748	\$944,889	\$1,112,189	\$1,126,664
<b>Benefit per annum</b>		\$228,731		\$3,832,491		\$4,506,657

**Overtime Savings**

	2004		2005		2006	
	Q1	Q2	Q1	Q2	Q1	Q2
North East	225	50%	275	75%	275	100%
Rollout Benefit %						
\$						
South East	275	50%	275	75%	275	100%
Rollout Benefit %						
\$						
Central	200	50%	200	75%	200	100%
Rollout Benefit %						
\$						
West	100	50%	100	75%	100	100%
Rollout Benefit %						
\$						
<b>Total Benefit per quarter</b>	\$0	\$54,450	\$121,378	\$187,739	\$217,233	\$226,875
<b>Benefit per annum</b>		\$54,450		\$753,225		\$226,875

**FWMA PROJECT - COST ESTIMATE**

Consultancy	\$	1,499,750	x
Software	\$	954,500	x
Hardware	\$	1,197,100	x
Training	\$	119,525	x
Internal Resource	\$	453,600	x
Sub-total	\$	4,224,475	

Capital Overhead costs - assumed 3%	\$	126,734	x
Sub-total	\$	4,351,209	

Contingency - estimated 5%	\$	217,560	x
Sub-total	\$	4,568,770	

Planning Project Costs (Completed) \$ 250,000

**NE Region Mobile Project Total costs \$ 4,818,770**

E'town Costs	\$	2,318,770
American Water*	\$	2,500,000

\*NE region % (27% of Total AW business) \$ 675,000

Project Costs (E'town Costs + NE Region %)	\$	2,993,770
2004 Severance Costs	\$	897,000

**Total Delivery Costs \$ 3,890,770**

OPEX IMPACTS - 2004	\$596,390
OPEX IMPACTS - 2005	\$657,750

Project Benefits Summary

E'Town	Increased Opex	Cost Savings	FTE Savings
Telex Management		\$99,000	2
Closer		\$320,523	6
Overtime		\$408,464	
Dispatch	-\$216,000	\$163,350	6
Field Labor		\$455,342	
Planning		\$68,404	1
Time Sheet Entry		\$49,872	1
Total annual printing cost		\$38,000	
Reduced Call Handling (Alton & Westfield)		\$110,867	2
<b>NJAW &amp; LIWC</b>			
Office Supervisor		\$7,197	0
Field Supervisor		\$1,981	0
Planning		\$33,558	1
Dispatch		\$23,128	0
Field Labor		\$133,827	2
Closers		\$73,403	1
Overtime		\$50,140	
<b>Increased Support Costs</b>	-\$596,390		
<b>Totals</b>	<b>-\$812,390</b>	<b>\$2,037,057</b>	<b>22</b>

\$79,623 Avg Salary  
12 add'l reduct  
\$955,472 add'l benefit 7/19

\$69,498 Avg Salary  
11 add'l reduct  
\$764,478 add'l benefit 7/19

Increased OpEx (Pension Contributions) 2005+	-\$61,360
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Gross Opex Reduction = \$2,037,057  
OpEx Increase = -\$812,390  
Total Benefits 2004 = \$1,224,667

OpEx Increase 2005 = -\$61,360  
Total Benefits from 2005 p.a. = \$1,163,307

**Benefits Summary By Business Unit**

Budget Owner	Line Item	Description	Amount
Nelly Jefferson	Hardware Maintenance	Spares and repairs to all new hardware	\$51,405
	Unix Administrator	New role to support the new Unix software and servers	\$100,000
	Oracle licensing	Annual license fee	\$22,800
	Cognos licensing	Annual license fee	\$450
	MqSeries licensing	Annual license fee	\$20,000
	Mercator licensing	Annual license fee	\$3,870
	Field technician	New role to support the field staff and their new hardware	\$85,000
	Advantex Maintenance	Annual license fee	\$123,000
	Wireless support	Contracted support for wireless issues	\$10,000
	Wireless Communication	Communication costs	\$111,000
	Increased Annual Orcrom costs	\$68,865	
	<b>Sub - Total</b>	<b>\$596,390</b>	
Andrew Clarkson	Telex Management	Reduce manual management of Telex in Net Ops	-\$99,000
	Closers	Reduce manual closing of Service Orders in Net Ops	-\$40,560
	Dispatch	Reduce manual dispatching of Service Orders Net Ops	-\$110,700
	Planning & Scheduling	Reduce manual planning and scheduling of Service Orders Net Ops	-\$64,604
	Overtime	Reduce \$ amount of overtime for service orders in Net Ops	-\$331,889
	Wrench Time	Reduce FTE salary costs in Net Ops	-\$354,837
	Time Sheet Entry	Reduce manual time sheet entry in Net Ops	-\$33,672
	Form Printing	Annual printing of Net Ops forms	-\$38,000
		<b>Sub - Total</b>	<b>\$0 - \$1,073,262</b>
	Linda Williams	EWC	
Closers		Reduce manual closing of Service Orders in CRM	-\$272,363
Dispatch		Reduce manual dispatching of Service Orders in CRM	-\$52,650
Overtime		Reduce \$ amount of overtime for service orders in CRM	-\$76,575
Wrench Time		Reduce FTE salary costs in FSRs	-\$100,505
Time Sheet Entry		Reduce manual time sheet entry in FSRs	-\$5,400
Dispatching		4 New centralized dispatch roles	\$216,000
Reduced Call Handling		Reduced volume of repeat calls	-\$110,867
NJAW & LIWC			
Supervisory		Reduced FTE needed to supervise FSR group	-\$9,179
Planning	Reduce manual planning of Service Orders	-\$33,558	
Dispatch	Reduce manual dispatching of Service Orders in CRM	-\$23,128	
Wrench Time	Reduce FTE salary costs in FSRs	-\$133,827	
Closers	Reduce manual closing of Service Orders in CRM	-\$73,403	
Overtime	Reduce \$ amount of overtime for service orders in CRM	-\$50,140	
	<b>Sub - Total</b>	<b>\$216,000 - \$941,596</b>	
Jim Cowley	Closers	Reduce manual closing of Service Orders in PM	-\$7,601
	Planning & Scheduling	Reduce manual planning and scheduling of Service Orders PM	-\$3,800
	Time Sheet Entry	Reduce manual time sheet entry in PM	-\$10,800
		<b>Sub - Total</b>	<b>\$0 - \$22,201</b>
	<b>Total</b>	<b>\$812,390 - \$2,037,059</b>	

**E'town Benefits Summary - Overtime Reductions**

Department	Job Title	Hours recovered / month	Techs	total hours recovered	Average Rate	Overtime Rate	Overtime Rate / Hour	Total Overtime Cost / Month	Total Overtime Cost / Annum
CRM	FSR	6	25	150	\$25.06	1.5	\$37.59	\$5,638.50	\$67,662.00
CRM	Subforeman	6	3	18	\$27.51	1.5	\$41.27	\$742.77	\$8,913.24
Net Ops Field	Subforeman	6	16	96	\$27.51	1.5	\$41.27	\$3,961.44	\$47,537.28
Net Ops Field	Sr Utility	6	14	84	\$26.45	1.5	\$39.68	\$3,332.70	\$39,992.40
Net Ops Field	Utility	6	64	384	\$26.45	1.5	\$39.68	\$15,235.20	\$182,822.40
<b>Total</b>									<b>\$346,927.32</b>

Department	Name	Overtime / Year	Hourly Rate	Overtime Rate	Overtime F	Monthly Cost	Yearly Cost
Net Ops	T&D 3	30	\$19.23	1.5	\$28.85	\$865.35	\$10,384.20
Net Ops	T&D 1	30	\$19.23	1.5	\$28.85	\$865.35	\$10,384.20
Net Ops	T&D 2	30	\$19.23	1.5	\$28.85	\$865.35	\$10,384.20
Net Ops	T&D 4	30	\$19.23	1.5	\$28.85	\$865.35	\$10,384.20
Net Ops	T&D 6	14	\$19.23	1.5	\$28.85	\$416.67	\$5,000.00
Net Ops	T&D 7	14	\$19.23	1.5	\$28.85	\$416.67	\$5,000.00
Net Ops	T&D 9	14	\$19.23	1.5	\$28.85	\$416.67	\$5,000.00
Net Ops	T&D 8	14	\$19.23	1.5	\$28.85	\$416.67	\$5,000.00
<b>Total</b>							<b>\$61,536.80</b>





**Operations - Service Level Improvement**

Task	Reason	Units Per			FTE
		Year	Per Job	Average Hours Per Job	
Curb Stop Adjustment	Reduce backlog of inoperable curb stops - Improvement in performance	1,000	2	0.5	0.5
Valve Operation > 12"	50% of system valves must be inspected and exercised each year. Based on assumption of 1 valve for every 500 ft of pipe - total 15,340,349 ft of pipe of which 20% are over 12" - Improvement in Compliance	3,068	1	0.25	0.4
Valve Operation < 12"	25% of system valves must be inspected and exercised each year. Based on assumption of 1 valve for every 500 ft of pipe - total 15,340,349 ft of pipe of which 80% are 12" and lower.- Improvement in compliance	6,136	1	0.25	0.7
Hydrant Inspection	50% of system hydrants must be inspected each year. Improvement in Compliance	7,500	1	0.125	0.5
Valve Replacement	Reduce backlog of inoperable valves - Improvement in Performance	75	4	3.5	0.5
New Service Installation	Reduce time to install new service from 180 days to 30 days - Improvement in Performance	100	3.5	3.5	0.6
Hydrant Replacement	Reduce backlog of hydrants needing replacement - Improvement in Performance	200	4	3	1.2
<b>Total FTE</b>					<b>4.3</b>

**Field Service Reps - Service Level Improvement**

Increased P.T. performance				
Approx PTs per day	Increased resource availability	Additional Jobs completed per day	Working days per annum	Total Additional PT's completed per annum
10	2	20	260	5,200

\* This will increase capital PT expenditure by \$332,800 (5200 \* \$64 per meter)

Project Assumptions

Ass No.1	Assumptions	Ref Sheet
1	Non Exempt pay rates taken at 75% of top rate for each grade level	All
2	No overtime occurs associated with plant operations work order close out	N/A
3	Fully loaded labor calculated at 35% with Benefits	All
4	Clerical C = Bargaining Unit Employee	Telex Management, Closers and Dispatch
5	Wrench Time excludes supervisory and Management staff	Wrench Time
6	Assume 8 Hour working day, 6 hours available to work after breaks and travel, current utilization 4 hours. Project will recover 1.5 hours	Wrench Time
7	Assume no recovery gained from Plant Operations	N/A
8	Rates for FSRs assumed at 36 month rate as average	Wrench Time
9	Rates for subforeman and Sr utility assumed at top rate, majority of employees at this rate	Wrench Time
10	Rates for utility average of the three classes at top rate, majority of employees at this rate	Wrench Time
11	Rates for CRM Dispatch assumes 36 month non exempt rate	Dispatch
12	Assuming 1.5 hour saving in overtime / person / week both T&D & CRM	Overtime
13	Assumed centralized dispatcher comprising of 3 individuals	Dispatch
14	Union employees highlighted in red	All
15	CRM 1/3 the size of Net Operations	Total Benefits
16	Change in work patterns	
17	Higher level of business change for supervisors	All
18	Assume One Call request will grow as the system expands	Telex management
19	Cost avoidance from human error not in delays from getting work done	Telex management
20	Net Ops Field is comprised of T&D East, West, Mt Holly and W&S East, West and Mt Holly.	All
21	The approximate 20% reduction in Net Ops overtime is based on the anticipated workforce gains experienced by other companies who have implemented Field Force Automation Such as Thames and The City of Houston Water Company.	Overtime
22	The 1.5 hour per day, per man, savings in wrench time is based on the anticipated workforce gains experienced by other companies who have implemented Field Force Automation such as Thames and the City of Houston Water Company	Wrench Time
23	The "Time Spent" percentages were provided by all departments. The "Time Claimed" percentages are based on the anticipated workforce gains experienced by other companies who have implemented Field Force Automation such as Thames and the City of Houston	Telex Management, Closers, Dispatch, Planning and Scheduling and Time Sheet Entry
24	The utility classification includes maintenance mechanics, alternate operators, utility/setter/reader, utility/operator, instrument repair, serviceman night and well run classifications	Wrench Time Overtime
25	Only 50% of total benefit claimed, 50% left to increase productivity	Wrench Time
26	Assumed saving of 1% of all calls are caused by failed or incomplete service orders.	Reduced Call Volume
27	Assumed saving of 1% of all calls are caused by failed or incomplete service orders.	Reduced Call Volume
28	Severance Cost calculated at 26 weeks of pay plus 35% benefits loading.	Severance
29	Rates for FSRs assumed at 36 month rate as average	Severance
30	Rates for subforeman and Sr utility assumed at top rate, majority of employees at this rate	Severance
31	Rates for utility average of the three classes at top rate, majority of employees at this rate	Severance
32	Rates for CRM Dispatch assumes 36 month non exempt rate	Severance
33	Rate for CSR Alton calculated at \$13.50 / hour	Severance
35	Severance total based on 50%, assumed average employee 20 years service plus severance benefits incl health and outplacement.	Severance

**Consultant Cost Component Detail**

MDSI	\$ 651,000	Includes SOW and Project Plan prep, Kick-off, PM, MWFM baseline assessment, Environment definition and sizing, Config to best practice, Advantex install, Data Load, Integration testing support, Scheduling Implementation, MWFM solution architecture and business case analysis, workforce practices definition, configure advantex using Compose 2.0, WFM initial rollout support, WFM rollout support, EAI Workflow analysis, Data Migration, Integration with Mapframe, Post Implementation analysis, complex work orders and procurement of and supervision of mobile mounting - Per proposal 4/2/03
MDSI Expenses	\$ 65,100	Assumed expenses of 10% as proposal explicitly states no living or traveling expense were included
SAP	\$ 196,650	Appointment booking interface in SAP/MDSI interfaces. Estimate of 90 days @ \$1900 + 15% expenses
Orcom	\$ 479,000	Appointment booking interface in Orcom/MDSI interfaces. Estimate of 90 days @ \$1900 + 15% expenses. Outsourced development, plus internal costs and MqSeries licenses
HAI	\$ 108,000	Project QA and general consultancy, 2.5 days per week
	<u><u>\$ 1,499,750</u></u>	

NE Region Mobile Project Total costs

12/17/2008  
 Consultants

FWMA Project Cost Estimates

**Software Cost Component Detail**

<b>Mercator</b>	\$ 21,500	The interface management software between Advantex and host (SAP/Orcom). This cost includes one license and 5 training courses for the historical database interface
<b>MDSI</b>	\$ 711,000	330 Core Modules = Advantex Scheduling Assignment, Dispatch, Mobile MA for Windows (98, 200, Xp), Staff Scheduling Additional Modules Compose, Scheduling appointment booker, decision support, transaction broker, SAP interface, Vehicle tracking map-based dispatching, Time reporting, 1xRTT interface, Complex orders - as per proposal 4/2/03. 65k for Orcom interface support
<b>Oracle</b>	\$ 120,000	1,957.58 6 x Oracle licenses, one per server CPU (some servers have 2CPUs)
<b>MqSeries</b>	\$ 100,000	Licensing costs for MqSeries based on server instances
<b>Cognos</b>	\$ 2,000	Licensing for the reporting tool needed to interface with Advantex

**\$ 956,458**

NE Region Mobile Project Total costs

12/17/2008  
 Software

FWMA Project Cost Estimates

**Hardware Cost Component Detail**

<b>Backup/T1</b>	\$ 5,000	The interface management software between Advantex and host (SAP/Orcom). This cost includes one license and 5 training courses for the historical database interface
<b>Servers</b>	\$ 131,000	Includes 2 x IBM 610 servers and 3 x 330 servers, based on pricing provided to Nelly from IBM
<b>Storage Array</b>	\$ 25,000	As per pricing provided to Nelly from IBM
<b>Laptops</b>	\$ 1,028,100	Includes pricing based on Panasonic CF-28 ruggedized laptops, backlit keyboards and cd roms built in. Devices mounted in 150 field based vehicles, including aeriels and specialized mounting for 3 man trucks
<b>Monitors</b>	\$ 8,000	Specialized large monitors required for dispatchers

\$ 1,197,100

NE Region Mobile Project Total costs

**Training Cost Component Detail**

MDSI Standard	\$ 41,800	Includes - Intro to Advantex 3 days * 12 Students \$15k (Local), Configuration Concepts 2 days * 12 Students \$10k (Local), Scheduling (Workload Distribution 2 days * 2 Students \$2k (MDSI), System Maintenance 2 days * 2 students \$2k (MDSI), Compose 2 days * 2 students \$2k (MDSI), Train the trainer 6 days * 2 Students (Actual class training and support) \$8.1k (MDSI). Includes training preparation work.
MDSI additional	\$ 41,000	MDSI lead classes, training scheduling support and help in developing business change activities
MDSI Expenses	\$ 8,280	Assumed expenses of 10% as proposal explicitly states no living or traveling expense were included
Mercator Design Studio	12,500	Mercator Design Studio, for updating Advantex Transaction Broker when changing host messages.
Cognos Impromptu Admin	1,845	Cognos Impromptu Administration (NT version) - for updating reports within Advantex Decision Support.
HDB training	9000	Five days for HDB training and Customer telephone support for report maintenance
Expenses	\$ 5,100	3 courses will be held in Vancouver, require flights (\$700per flight) & accommodation(\$150 + meals) for 6 EWC staff
	<u>\$ 119,525</u>	

NE Region Mobile Project Total costs

12/17/2008  
Training

FWMA Project Cost Estimates



**Internal Resource Cost Component Detail**

		FTEs	# months
Project Management	\$ 145,350	1	6
Gary Donnelly full time for 6 months, includes all associated costs			
EWC Business Lead	\$ 55,250	1	6
Joe Bihler full time for 6 months, includes all associated costs			
NJAW & LIWC Business Lead	\$ 80,000	1	6
Unnamed full time for 6 months, includes all associated costs			
Project Co-ordinator	\$ 22,000	1	3
John Fallon 2.5 days per week for 6 months, includes all associated costs			
CRM Trainer	\$ 3,000	1	3
Unnamed, 2.5 days per week for 6 weeks pre go-live			
Field trainer	\$ 6,000	1	6
Unnamed, 2.5 days per week for 12 weeks pre go-live			
Union/HR Lead	\$ 52,800	1	3
Unnamed 2.5 days per week for 6 months to shape and deliver business change and union negotiations			
T&D Business Lead	\$ 9,600	1	2
Unnamed, 2.5 days per week for 16 weeks			
Plant Business Lead	\$ 9,600	1	2
Unnamed, 2.5 days per week for 16 weeks			
IS Server Lead	\$ 20,000	1	3
Dave Markey, 2 days per week for 6 months			
IS Field support	\$ 20,000	1	3
New role generated from project, 3 months from project delivery. Costs to be capitalized until 04			
Orcom Lead	\$ 30,000	1	3
New role generated from project, 3 months from project delivery. Costs to be capitalized until 04			
	<b>\$ 453,600</b>	12	46

**Severance Cost Component Detail**

**Severance Costs**

17 Total number of E'town employees at risk  
 5 Total number of NJAW & LIWC at risk

Assumed 50/50 split between severance and FAS-B

E'town region costs:

**Severance**

Average Non-Exec salary \$52k per annum + 35% benefits = \$70.2k

Maximum Severance 1 week salary for each year of severance up to 6 months = \$35.1k

**FAS-B**

One time costs based on average Non-exec salary excluding benefits \$52k \* 1.05% = \$54.6k

Ongoing costs \$52k \* 11.8% = \$6,136k p.a.

\* Utilizing this data for all NE Region Severance/FAS-B (NJAW & LIWC). Assuming worst case scenario for all , 100% payouts, for all severance/FAS-B payouts

**Severance Costs = 11 \* \$35.1k = \$351,000**

**FAS-B Costs = 11 \* \$54.6k = \$546,000**

**Total One Time costs = \$897,000**

**FAS-B Recurring Costs 10 \* \$6,136 = \$61,360**

OpEx Impact Cost Component Detail

2004

Hardware maintenance	\$ 51,405	Includes spares and repairs to all new equipment based on 5% of total invested
Unix Administrator	\$ 100,000	New role within IS to support and administrator all servers running UNIX, no existing skill set
Oracle licensing	\$ 22,800	19% of license costs per annum, includes support and upgrades
Cognos licensing	\$ 450	22% of license costs per annum, includes support and upgrades
MqSeries licensing	\$ 20,000	20% of license costs per annum, includes support and upgrades
Mercator licensing	\$ 3,870	18% of license costs per annum, includes support and upgrades
Field technician	\$ 85,000	Costs are based on a new role within IS recruited to support the field staff software and hardware
Advantex Maintenance	\$ 123,000	Contract annual maintenance, 24 hour helpdesk plus onsite support as necessary
Wireless support	\$ 10,000	Contracted support costs based 5 hours per month for 1 year
Wireless Communication	\$ 111,000	Costs are based on \$55 per unit per month airtime, \$1000 per month for high speed phone line. Based on 150 units
Orcom Support	\$ 68,865	Increased per annum support for new Orcom programs and interfaces
	<u>\$ 596,390</u>	
<u>2005</u>		
Increased cost of Pension Contributions	\$ 61,360	Increased per annum costs for FAS B based on the MOA 2003
	<u>\$ 657,750</u>	